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Consolidated Financial Statements
For the Year Ended 30 June 2025

Encounter Resources Limited
ABN 47 109 815 796

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Encounter Resources Limited
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Corporate Directory

Directors

Will Robinson	Executive Chairman
Peter Bewick	Non-Executive Director
Jonathan Hronsky	Non-Executive Director
Philip Crutchfield	Non-Executive Director

Company Secretaries

Kevin Hart
Dan Travers

Principal and Registered Office

Suite 2, 1 Alvan Street
Subiaco, Western Australia 6008
Telephone (08) 9486 9455
Web www.enrl.com.au

Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, Western Australia 6000

Share Registry

Automic Group
Level 5, 191 St Georges Terrace
Perth, Western Australia 6000
Telephone 1300 288 664

Stock Exchange Listing

The Company's shares are quoted on the Australian Securities Exchange. The home exchange is Perth, Western Australia.

ASX Code

ENR – Ordinary shares

Company Information

The Company was incorporated and registered under the Corporations Act 2001 in Western Australia on 30 June 2004 and became a public company on 26 May 2005.

The Company is domiciled in Australia.

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Encounter Resources Limited
ABN 47 109 815 796

Directors' Report

The Directors present their report on Encounter Resources Limited (the Company) and the entities it controlled (the Group) at the end of, and during the year ended 30 June 2025.

Directors

The names and details of the Directors of Encounter Resources Limited during the financial year and until the date of this report are:

Will Robinson – B.Comm, MAusIMM

Appointed 30 June 2004 - Executive Chairman from 24 November 2023.

Mr Robinson has worked in the resources industry in Australia and Canada for over twenty-five years. Mr Robinson's experience includes senior management roles at a large international resources company and executive roles in the junior mining and exploration sector. Mr Robinson is a former president of the resources industry advocacy body, the Association of Mining and Exploration Companies (AMEC). He was previously a member of the Strategic Advisory Board at the Centre for Exploration Targeting University of Western Australia and the Australian Federal Government's Resources 2030 Taskforce. Mr Robinson is Non-Executive Chairman of Hamelin Gold Limited (ASX:HMG) and a Non-Executive Director of unlisted Hampton Hill Mining NL.

Peter Bewick – B.Eng (Hons), MAusIMM

Non-Executive Director, appointed 7 October 2005

Mr Bewick is a geology graduate from the WA School of Mines with over thirty years of industry experience. He held a number of senior mine and exploration geological roles during a fourteen year career with WMC, including Exploration Manager and Geology Manager of the Kambalda Nickel Operations and Exploration Manager for St Ives Gold Operations. Mr Bewick also held corporate roles with WMC as Exploration Manager for the Nickel Business Unit and Exploration Manager for North America based in Denver, Colorado. He has extensive experience in project generation for a range of commodities including nickel, gold, copper and bauxite. Mr Bewick has been a member of the MERIWA College since 2013.

Mr Bewick is currently Managing Director of Hamelin Gold Ltd (ASX:HMG) and was previously Non-Executive Director of Mincor Resources NL (resigned 15 January 2024).

Jonathan Hronsky OAM - BAppSci, PhD, MAusIMM, FSEG

Non-executive director, appointed 10 May 2007

Dr Hronsky has more than forty 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 regional-scale exploration targeting across a diverse range of commodities. His work led to the discovery of the West Musgrave nickel sulphide province in Western Australia. Dr Hronsky was previously Manager-Strategy & Generative Services for BHP Billiton Mineral Exploration. Prior to that, he was Global Geoscience Leader for WMC Resources Ltd. He is currently a director of exploration consulting group Western Mining Services and former Chairman of the board of management of the Centre for Exploration Targeting at the University of Western Australia.

Dr Hronsky is currently a Non-Executive Director of Paladin Energy Limited (ASX:PDN), Caspin Resources Limited (ASX:CPN), Strickland Metals Limited (ASX:STK) and is also General Partner - Global Targeting and Research at Ibaera Capital.

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Directors' Report

Directors (Continued)

Philip Crutchfield KC – B. Comm, LL.B (Hons), LL.M LSE

Non-executive director, appointed 9 October 2019

Mr Crutchfield is a prominent and highly respected barrister specialising in commercial law. Philip was Non-Executive Director of Applyflow Limited (ASX:AFW) (resigned 31 July 2023) and Black Cat Syndicate Limited (ASX:BC8) (resigned 30 November 2023) and is a non-executive director of Dreadnought Resources Limited (ASX:DRE) and Western Australian gold focused company Hamelin Gold Limited (ASX:HMG).

Mr Crutchfield is a board member of the Bell Shakespeare Theatre Company and the Victorian Bar Foundation Limited. Philip is also a former partner of Mallesons Stephen Jaques (now King & Wood Mallesons).

Company Secretaries

Kevin Hart – B.Comm, FCA

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 4 November 2005. Mr Hart has over thirty years' experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

Mr Hart is currently a Principal of an advisory firm, Automic Group, which specialises in the provision of company secretarial and accounting services to ASX listed entities.

Dan Travers – BSc (Hons), FCCA

Mr Travers is a Fellow of the Association of Chartered Certified Accountants and was appointed to the position of Joint Company Secretary on 20 November 2008. Mr Travers is an employee of Automic Group, which specialises in the provision of company secretarial and accounting services to ASX listed entities in the mining and exploration industry.

Directors' Interests

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

<i>Director</i>	<i>Directors' Interests in Ordinary Shares</i>	<i>Directors' Interests in Unlisted Options</i>
W Robinson	28,385,889	1,775,000
P Bewick	12,110,303	716,000
J Hronsky	1,521,335	716,000
P Crutchfield	9,061,152	2,026,000

Included in the Directors' Interests in Unlisted Options are 5,233,000 options that are vested and exercisable as at the date of signing this report.

Principal Activities

The principal activity of the Company during the financial year was project generation, mineral exploration and project development in Western Australia and the Northern Territory, including the Company's Aileron Project in the West Arunta, Western Australia, and the Sandover copper project in the Northern Territory.

There were no significant changes in these activities during the financial year.

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Directors' Report

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2025, and the number of meetings attended by each Director are as follows:

Director	Board of Directors Meetings		Audit and Risk Committee Meetings		Remuneration and Nomination Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
W Robinson	7	7	-	-	-	-
P Bewick	7	7	2	1	1	1
J Hronsky	7	7	2	2	1	1
P Crutchfield	7	6	2	2	1	1

Operations and financial review

The consolidated net loss after income tax for the financial year was \$3,832,386 (2024: \$4,331,728).

Included in the consolidated loss for the current year is a write-off of deferred and uncapitalised exploration and joint venture expenditure totalling \$1,528,479 (2024: \$2,908,197).

Operations

The Company holds a commanding portfolio of 100%-owned projects located in some of Australia's most prospective mineral belts, targeting copper and critical minerals. Key among these is the Aileron Project in the highly endowed West Arunta region of Western Australia—emerging as a significant frontier for critical mineral exploration.

Encounter's exploration activities during the year were primarily directed towards the 100% owned Aileron Niobium-REE-Copper project in Western Australia.

During the period Encounter regained 100% control of the following projects, previously subject to farm-in and joint venture arrangements:

- Yeneena copper project in in the Paterson Province of Western Australia, following the withdrawal of IGO Limited.
- Carrara copper-zinc project in the Northern Territory with South32 Limited withdrawing from the Carrara Farm-in Agreement. South32 is continuing exploration activities at the Jessica Copper Project under the Jessica Farm-in Agreement.

Financial Position

At the end of the financial year the Group had \$18,638,519 (2024: \$14,050,537) in cash and term deposits. Capitalised mineral exploration and evaluation expenditure is \$30,612,089 (2024: \$22,853,601).

During the year the Company issued a total of 3,450,000 shares on the exercise of unlisted options at various prices. The Company issued 42,857,141 shares at \$0.35 per share pursuant to a share placement and 1,657,124 shares at \$0.35 per share pursuant to a share purchase plan. Issues of shares during the year raised ~\$16.4 million, before issue costs.

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Operations and financial review (continued)

Material Business Risks

The Company operates in the mineral exploration industry in Australia and as such is exposed to and manages various risks typical of operating in that sector pursuant to the principles included in the Company's Audit and Risk Management Committee Charter. A summary of the key risks that the Company is exposed to are as follows:

Future capital requirements

The Company requires financial resources in order to carry out its exploration activities. Failure to obtain appropriate financing on a timely basis could cause the Company to have an impaired ability to expend the capital necessary to undertake or complete drilling programs, forfeit its interests in certain properties, and reduce or terminate its operations entirely. If the Company raises additional funds through the issue of equity securities, this may result in dilution to the existing shareholders and/or a change of control at the Company.

Exploration and evaluation risks

Mineral exploration and development are inherently highly speculative and involves a significant degree of risk. There is no guarantee that it will be economic to extract identified mineralisation or that there will be commercial opportunities available to monetise resources.

Mineral Resource estimation risks

Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally made may alter significantly when new information or techniques become available. In addition, by their very nature Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

Title, tenure and land access risks

The rights to mineral tenements carry with them various obligations which the Company is required to comply with in order to ensure the continued good standing of the tenement. Failure to meet these requirements could prejudice the right to maintain title to a given area and result in government or third-party action to forfeit a tenement or tenements.

Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority.

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there are areas over which legitimate common law native title rights of Aboriginal Australians exist. Where native title rights exist, the ability to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Environmental risks

The Company's operations and projects are subject to various health and environmental laws and regulations of jurisdictions in which it has interests. Environmental laws in Australia are subject to periodic review and exploration and mining operations may be adversely affected.

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Directors' Report

Operations and financial review (continued)

Sovereign risk

The Company is subject to political, social, economic and other uncertainties including, but not limited to, changes in policies or the personnel administering them, foreign exchange restrictions, changes of law affecting foreign ownership, currency fluctuations, royalties and tax increases.

Matters Subsequent to the End of the Financial Year

Other than as already stated in this report in relation to the exercise of options, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Significant Changes in the State of Affairs

Other than stated in this report, there have been no significant changes in the state of affairs of the Company and Group during or since the end of the financial year.

Options and Performance Rights

Unlisted Options

As at the date of this report there are 16,053,000 unlisted options on issue as follows:

<i>Number of Options Granted</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
3,000,000	22.4 cents	28 November 2025
1,200,000	19.0 cents	28 June 2026
3,980,000	26.8 cents	30 November 2026
250,000	28.3 cents	15 January 2027
150,000	20.8 cents	28 February 2027
400,000	50.0 cents	29 May 2026
200,000	36.8 cents	20 June 2027
400,000	67.7 cents	24 July 2027
400,000	68.9 cents	1 August 2027
660,000	55.6 cents	23 November 2027
1,000,000	39.7 cents	17 December 2027
150,000	35.5 cents	25 February 2028
100,000	65.0 cents	10 September 2028
363,000	59.0 cents	28 November 2028
3,100,000	52.0 cents	11 December 2028
700,000	33.6 cents	31 March 2029

All options on issue at the date of this report are vested and exercisable. No options on issue are listed.

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Directors' Report

Options and Performance Rights (Continued)

During the financial year:

- 4,563,000 options (2024: 3,010,000) were issued;
- 700,000 options (2024: 175,000) were cancelled on the cessation of employment;
- 800,000 options (2024: nil) were cancelled on expiry of the exercise period; and
- 3,450,000 (2024: 7,575,000) options were exercised.

Since the end of the financial year:

- Nil options have been issued by the Company to employees pursuant to the Company's Employee Share and Option Plan;
- 1,630,000 options have been exercised; and
- Nil options have been cancelled due to the lapse of the exercise period.

Options do not entitle the holder to participate in any share issue of the Company or any other body corporate. The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

Performance Rights

As at the date of this report there are 1,096,500 performance rights on issue as follows:

<i>Number of Performance Rights Granted</i>	<i>Vesting Date</i>	<i>Expiry Date</i>
1,096,500	31 December 2025	31 December 2026

No performance rights on issue at the date of this report are vested and exercisable.

During the financial year:

- 1,221,500 performance rights (2024: nil) were issued;
- 125,000 performance rights (2024: nil) were cancelled on the cessation of employment;
- Nil performance rights (2024: nil) were cancelled on expiry of the exercise period; and
- Nil performance rights (2024: nil) were exercised.

Since the end of the financial year:

- Nil performance rights have been issued by the Company to employees pursuant to the Company's Performance Rights Plan;
- Nil performance have been exercised; and
- Nil performance rights have been cancelled.

Performance rights do not entitle the holder to participate in any share issue of the Company or any other body corporate. The holders of performance rights are not entitled to any voting rights until the performance rights are exercised into ordinary shares.

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Directors' Report

Issued Capital

<i>Number of Shares on Issue</i>		
	<i>2025</i>	<i>2024</i>
Ordinary fully paid shares	498,792,319	450,828,054

A further 1,630,000 shares have been issued since 30 June 2025 on the exercise of options.

Likely Developments and Expected Results of Operations

The Group expects to maintain exploration programs at its 100% owned Aileron niobium-REE copper project in Western Australia, Northern Territory copper projects and the Paterson Province copper and copper-gold projects.

In addition, the Group will continue to collaborate with its partner South32 Limited in the Northern Territory at the Jessica copper project pursuant to an earn-in and joint venture arrangement.

Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the Group and is dependent upon the results of the future exploration and evaluation.

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

Environmental Regulation and Performance

The Group holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as the Directors are aware, all current exploration activities are in compliance with relevant environmental regulations.

Remuneration Report (Audited)

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition, reference is made to the financial position of the Company and the specific skills and experience of the Directors and Officers.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Company's Annual Report.

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Remuneration Report (Continued)

Remuneration Committee

The Board has adopted a formal Remuneration Committee Charter which provides a framework for the consideration of remuneration matters.

During the year the Company formed a Remuneration and Nomination Committee consisting of the Non-Executive Directors to consider remuneration matters, with no member deliberating or considering such matter in respect of their own remuneration.

The Remuneration and Nomination Committee is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity-based plans and making awards pursuant to those plans.

Non-Executive Remuneration

The Company's policy is to remunerate Non-Executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities.

Non-Executive Remuneration is not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, remuneration may be provided to Non-Executive Directors in the form of equity based long term incentives.

1. Fees payable to Non-Executive Directors are set within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
2. Non-Executive Directors' fees are payable in the form of cash and superannuation benefits;
3. Non-Executive superannuation benefits are limited to statutory superannuation entitlements; and
4. Non-executive directors are offered an annual election to receive cash remuneration or an equivalent amount in unlisted options. The annual election relates to the remuneration period from 1 December to 30 November of the relevant year and is subject to approval by the Company's shareholders.
5. Participation in equity-based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

The maximum Non-Executive Directors fees (excluding equity-based remuneration otherwise approved by shareholders), payable in aggregate are currently set at \$300,000 per annum.

Executive Director and Other Key Management Personnel Remuneration

Executive remuneration consists of base salary, plus other performance incentives to ensure that:

1. Remuneration packages incorporate a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and objectives; and
2. A proportion of remuneration is structured in a manner to link reward to corporate and individual performances.

Executives are offered a competitive level of base salary at market rates (based on comparable ASX listed companies) and are reviewed regularly to ensure market competitiveness. To date, the Company has not engaged external remuneration consultants to advise the Board on remuneration matters.

Remuneration Report (Continued)

Incentive Plans

The Company provides long term incentives to Directors and Employees pursuant to the Encounter Resources Employee Share and Option Plan, which was last approved by shareholders at the Annual General Meeting held on 24 November 2023 and the Encounter Resources Performance Rights Plan approved by shareholders at the Annual General Meeting held on 29 November 2024.

The Remuneration and Nomination Committee, acting in remuneration matters:

1. Ensures that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;
2. Reviews and approves existing incentive plans established for employees; and
3. Approves the administration of the incentive plans, including receiving recommendations for, and the consideration and approval of grants pursuant to such incentive plans.

Engagement of Non-Executive Directors

Non-Executive Directors conduct their duties under the following terms:

1. A Non-Executive Director may resign from their position and thus terminate their contract on written notice to the Company; and
2. A Non-Executive Director may, following resolution of the Company's shareholders, be removed before the expiration of their period of office (if applicable). Payment is made in lieu of any notice period if termination is initiated by the Company, except where termination is initiated for serious misconduct.

In consideration of the services provided by Non-Executive Directors, the Company pay them \$70,000 plus statutory superannuation per annum (until 30 September 2024 non-executive director fees were paid at \$50,000 per annum, plus statutory superannuation).

Non-Executive Directors are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company.

Engagement of Executive Directors

The Company has entered into an executive service agreement with Mr Will Robinson on the following material terms and conditions:

Mr Robinson's current service agreement with the Company, in respect of his engagement as Executive Chairman, is effective from 24 November 2023. Mr Robinson will receive a base salary of \$350,000 per annum plus statutory superannuation.

An Executive Director may also receive an annual short-term performance-based bonus which may be calculated as a percentage of their current base salary, the performance criteria, assessment and timing of which is assessed annually by the Remuneration and Nomination Committee which is comprised of the Non-Executive Directors.

Either party may give the other six months' notice in writing to terminate the Services Agreement or with payment or forfeiture in lieu. The Company may terminate the respective services agreements without notice for serious misconduct by an executive director.

Executive Directors may, subject to shareholder approval, participate in the Encounter Resources Employee Share and Option Plan and other long term incentive plans adopted by the Board.

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Directors' Report

Remuneration Report (Continued)

Short Term Incentive Payments

Each year, the Remuneration and Nomination Committee will set the Key Performance Indicators (KPI's) for the Executive Directors. The KPI's are chosen to align the reward of the individual Executives to the strategy and performance of the Company.

Performance objectives, which may be financial or non-financial, or a combination of both, are weighted when calculating the maximum short-term incentives payable to Executives. At the end of the year, the Non-Executive Directors will assess the actual performance of the Executives against the set Performance Objectives. The maximum amount of the short-term incentive, or a lesser amount depending on actual performance achieved is paid to the Executives as a cash payment.

Shareholding Qualifications

The Directors are not required to hold any shares in Encounter Resources under the terms of the Company's constitution. However, Directors have made their own investment decisions to hold shares in Encounter Resources which are shown in this report.

Group Performance

In considering the Company's performance, the Board provides the following indices in respect of the current financial year and previous financial years:

	2025	2024	2023	2022	2021
Profit/(Loss) for the year attributable to shareholders	\$(3,832,386)	\$(4,331,728)	\$(1,429,900)	\$4,428,194	\$(1,533,150)
Closing share price at 30 June	\$0.225	\$0.74	\$0.455	\$0.12	\$0.155

As an exploration company, the Board does not consider the profit/(loss) attributable to shareholders as one of the performance indicators when implementing Short Term Incentive Payments. In addition to economic and technical exploration success, the Board considers more appropriate indicators of management performance for the 2025 financial period to include:

- corporate management and business development (including the identification and acquisition of high-quality projects);
- project and operational performance (including safety and environmental management);
- management of the Company's farm-in and joint venture arrangements; and
- cash flow and funding management.

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Directors' Report

Remuneration Report (Continued)

Remuneration Disclosures

The Key Management Personnel of the Company have been identified as:

Mr Will Robinson	Executive Chairman
Mr Peter Bewick	Non-Executive Director
Dr Jon Hronsky	Non-Executive Director
Mr Philip Crutchfield	Non-Executive Director

The details of the remuneration of each Director and member of Key Management Personnel of the Company is as follows:

30 June 2025	Short Term		Post Employment	Other Long Term	Total	Value of Options as Proportion of Remuneration
	Base Salary \$	Short Term Incentive \$	Superannuation Contributions \$	Value of Options \$		
Will Robinson	350,000	61,688	40,250	43,880	495,818	8.9%
Peter Bewick ¹	65,000	-	7,475	17,551	90,026	19.5%
Jon Hronsky ¹	65,000	-	7,475	17,551	90,026	19.5%
Philip Crutchfield ¹	65,000	-	7,475	17,551	90,026	19.5%
Total	545,000	61,688	62,675	96,533	765,896	

¹ Non-Executive fees paid at \$50,000 pa from 1 July to 30 September, \$70,000 pa from 1 October to 30 June.

30 June 2024	Short Term		Post Employment	Other Long Term	Total	Value of Options as Proportion of Remuneration
	Base Salary \$	Short Term Incentive \$	Superannuation Contributions \$	Value of Options \$		
Paul Chapman ¹	-	-	-	-	-	-
Will Robinson ²	304,825	91,075	33,531	69,840	499,271	14.0%
Peter Bewick	50,000	-	5,500	27,937	83,437	33.5%
Jon Hronsky	50,000	-	5,500	27,937	83,437	33.5%
Philip Crutchfield	29,167	-	3,208	27,937	60,312	46.3%
Total	433,992	91,075	47,739	153,651	726,457	

¹ Retired from the Board effective 24 November 2023. Mr Chapman received no remuneration during the period.

² Appointed Executive Chairman effective 24 November 2023, previously Managing Director.

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Directors' Report

Remuneration Report (Continued)

Details of Performance Related Remuneration

During the year ended 30 June 2025 a short-term incentive bonus (STI), measured for the period 1 January 2024 to 31 December 2024, was awarded to the Company's Executive Chairman as follows:

	Short term incentive payments - cash bonuses paid
	2024/25 financial year
Will Robinson	\$61,688 ¹

¹ STI bonus stated inclusive of SGC contributions where applicable.

Executives eligible for the STI are able to earn a bonus of up to a maximum of 25% of their corresponding base remuneration, with the final amount determined by performance against the below stated performance objectives.

The STI performance objectives for the abovementioned STI for the measurement period ended 31 December 2024 were as follows:

Performance Objective 1 (PO1) (Weighting up to 50%):

Successful execution of the Company's strategies and budget plans leading to first-rate outcomes for safety, environmental, operational performance and corporate culture.

This includes:

- Safety, environmental, operational performance and corporate culture
- Management of existing Earn-in and Joint Venture Agreements
- Commercialisation of additional projects through completion of a joint ventures or similar funding
- Management of the equity structure and cash position
- Discovery success

This objective is to be determined at the discretion of the board.

Performance against this objective is determined at the discretion of the board.

Performance Objective 2 (PO2) (Weighting up to 50%):

Shareholder returns – determined by Encounter's volume weighted average share price (VWAP) exceeding the Company's VWAP for the preceding 12-month period. Assuming a year on year (YOY) increase in the Company's VWAP, the potential executive bonus:

YOY ENR Share Price VWAP Change	% Weighting
<=10%	0
>10% < 20%	10%
>20% < 40%	20%
>40% <60%	30%
>60% <80%	40%
>80%	50%

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Directors' Report

Remuneration Report (Continued)

Details of Performance Related Remuneration (continued)

The total STI bonus awarded and paid during the financial year ended 30 June 2025, has been determined against the abovementioned performance objectives for the Executive Chairman as follows:

STI Period Ended	Maximum potential STI bonus (\$)	PO1 maximum %	PO1 achieved %	PO2 maximum %	PO2 achieved %	Total STI bonus achieved (%)	Total STI bonus achieved (\$)
31 Dec 2022	\$87,500	50%	40.5%	50%	30%	70.5%	\$61,688

The above STI bonus awarded was paid to the Executive Chairman during the year as follows:

	Cash (pre-tax)	SGC contribution	Total STI Bonus (\$)
Will Robinson	\$61,688	Nil	\$61,688

Equity instrument disclosures relating to key management personnel

Options Granted as Remuneration

During the financial year ended 30 June 2025 363,000 options (2024: 660,000) were granted to Directors or Key Management Personnel of the Company, as follows:

Incentive options:

	Number
Will Robinson	165,000
Peter Bewick	66,000
Jon Hronsky	66,000
Philip Crutchfield	66,000

The fair value of options issued as remuneration is allocated to the relevant vesting period of the options. Where options are issued fully vested the fair value is recognised in the financial period in which the securities are issued. Options are provided at no cost to the recipients.

Options granted as remuneration to Key Management Personnel were valued using the Black-Scholes option valuation model using the following inputs:

	Number of options granted	Date granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied ¹	Value of Options
Will Robinson	165,000	29 Nov 2024	59.0	28 Nov 2028	4.05%	106.2%	\$43,880
Peter Bewick	66,000						\$17,551
Jon Hronsky	66,000						\$17,551
Philip Crutchfield	66,000						\$17,551
							\$96,533

¹Historical volatility has been used as the basis for determining expected share price volatility.

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Directors' Report

Remuneration Report (Continued)

Exercise of Options Granted as Remuneration

During the year 1,540,000 (2024: 5,900,000) ordinary shares were issued in respect of the exercise of options previously granted as remuneration to Directors or Key Management Personnel of the Company, as follows:

KMP	Number of shares issued on exercise of options ¹	Option details
Will Robinson	400,000	Options exercisable at \$0.222 expiring 26 November 2024
Peter Bewick	400,000	
Jon Hronsky	170,000	
Philip Crutchfield	570,000	

¹ Fair value at the date of exercise on 8 November 2024 was \$0.133 per option.

Option holdings

Key Management Personnel have the following interests in unlisted options over unissued shares of the Company:

2025 Name	Balance at start of the year	Received during the year as remuneration	Other changes during the year ¹	Balance at the end of the year	Vested and exercisable at the end of the year
Will Robinson	2,010,000	165,000	(400,000)	1,775,000	1,775,000
Peter Bewick	1,050,000	66,000	(400,000)	716,000	716,000
Jon Hronsky	820,000	66,000	(170,000)	716,000	716,000
Philip Crutchfield	2,530,000	66,000	(570,000)	2,026,000	2,026,000

¹ Options exercised during the financial year.

Share holdings

The number of shares in the Company held during the financial year by key management personnel of the Company, including their related parties are set out below. There were no shares granted during the reporting period as compensation.

2025 Name	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
Will Robinson	27,985,889	400,000	-	28,385,889
Peter Bewick	11,710,303	400,000	-	12,110,303
Jon Hronsky	1,351,335	170,000	-	1,521,335
Philip Crutchfield	8,059,391	570,000	431,761 ¹	9,061,152

¹ On-market trade

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Directors' Report

Remuneration Report (Continued)

Loans made to key management personnel

No loans were made to key personnel, including personally related entities during the reporting period.

Other transactions with key management personnel

There were no other transactions with key management personnel.

End of Remuneration Report

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or Group, or to intervene in any proceedings to which the Company or Group is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Officers' Indemnities and Insurance

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

Non-audit Services

During the year the Company's auditor HLB Mann Judd (and former auditor Crowe Perth), have not performed any other services in addition to their statutory duties other than as stated below.

Total paid to auditors during the financial year:	2025	2024
	\$	\$
Audit and review of the Company's financial statements	56,800 ²	37,600 ¹
Audit of tenement expenditure reports	-	2,650 ¹

¹ Amounts paid to Crowe Perth, who ceased as auditor of the Company effective 8 October 2024.

² Includes a total amount of \$30,300 paid to Crowe Perth.

The board considers any non-audit services provided during the year by the auditor and satisfies itself that the provision of any non-audit services during the year by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

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Directors' Report

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

Dated at Perth this 29th day of September 2025.



Will Robinson
Executive Chairman

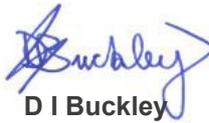
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Encounter Resources Limited for the year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
29 September 2025



D I Buckley
Partner

hlb.com.au

HLB Mann Judd ABN 22 193 232 714

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

Encounter Resources Limited
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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 30 June 2025

	Note	Consolidated	
		2025 \$	2024 \$
Interest income		886,338	444,421
Other income	5	101,319	173,655
Total income		987,657	618,076
Employee expenses		(3,036,662)	(2,180,206)
Employee expenses recharged to exploration		2,045,902	1,672,046
Equity based remuneration expense	20	(1,208,068)	(670,243)
Depreciation and amortisation expense	6	(348,533)	(190,775)
Corporate expenses		(178,793)	(164,003)
Administration and other expenses		(565,410)	(508,426)
Exploration costs written off and expensed	6,14	(1,528,479)	(2,908,197)
Loss before income tax		(3,832,386)	(4,331,728)
Income tax benefit	7	-	-
Loss after tax	21	(3,832,386)	(4,331,728)
Other comprehensive income		-	-
Total comprehensive loss for the year		(3,832,386)	(4,331,728)
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share	31	(0.8)	(1.1)
Diluted loss per share	31	(0.8)	(1.1)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Encounter Resources Limited
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Consolidated Statement of Financial Position
As at 30 June 2025

	Note	Consolidated	
		2025 \$	2024 \$
Current assets			
Cash and cash equivalents	8	18,638,519	14,050,537
Trade and other receivables	9	182,412	111,355
Total current assets		18,820,931	14,161,892
Non-current assets			
Security bonds and deposits	8(c)	137,466	137,466
Financial assets	11	59,342	59,342
Property, plant and equipment	12	1,008,387	520,475
Capitalised mineral exploration and evaluation expenditure	14	30,612,089	22,853,601
Right of use assets - leases	13	126,003	201,605
Total non-current assets		31,943,287	23,772,489
Total assets		50,764,218	37,934,381
Current liabilities			
Trade and other payables	16	996,325	1,098,630
Employee benefits	17	461,563	379,964
Lease liabilities	18	78,637	68,197
Total current liabilities		1,536,525	1,546,791
Total non-current liabilities			
Lease liabilities	18	58,780	137,700
Total non-current liabilities		58,780	137,700
Total liabilities		1,595,305	1,684,491
Net assets		49,168,913	36,249,890
Equity			
Issued capital	19	82,577,740	66,693,913
Accumulated losses	21	(35,996,783)	(32,421,829)
Equity remuneration reserve	21	2,587,956	1,977,806
Total equity		49,168,913	36,249,890

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity
For the financial year ended 30 June 2025

	Consolidated			
	Issued capital \$	Accumulated losses \$	Equity remuneration reserve \$	Total \$
2024				
Balance at the start of the financial year	55,158,968	(28,103,156)	1,787,811	28,843,623
Comprehensive loss for the financial year	-	(4,331,728)	-	(4,331,728)
Movement in equity remuneration reserve in respect of options vested	-	-	670,243	670,243
Transfer on exercise and/or cancellation of vested options	467,193	13,055	(480,248)	-
Transactions with equity holders in their capacity as equity holders:				
Shares issued (net of costs)	11,067,752	-	-	11,067,752
Balance at the end of the financial year	66,693,913	(32,421,829)	1,977,806	36,249,890
2025				
Balance at the start of the financial year	66,693,913	(32,421,829)	1,977,806	36,249,890
Comprehensive loss for the financial year	-	(3,832,386)	-	(3,832,386)
Movement in equity remuneration reserve in respect of options and rights vested	-	-	1,208,068	1,208,068
Transfer on exercise and/or cancellation of vested options and rights	340,486	257,432	(597,918)	-
Transactions with equity holders in their capacity as equity holders:				
Shares issued (net of costs)	15,543,341	-	-	15,543,341
Balance at the end of the financial year	82,577,740	(35,996,783)	2,587,956	49,168,913

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows
For the financial year ended 30 June 2025

	Note	Consolidated	
		2025 \$	2024 \$
Cash flows from operating activities			
Receipts from tenement option fee income		40,000	35,000
Receipts from other income		61,319	116,766
Receipts from R&D tax concession		-	12,345
Interest received		785,643	444,421
Payments to suppliers and employees		(1,636,341)	(1,141,911)
Net cash used in operating activities	30	(749,379)	(533,379)
Cash flows from investing activities			
Payments for security deposits		-	(61,814)
Payments for exploration and evaluation		(9,959,960)	(7,977,898)
State Government funded drilling rebate		265,568	323,999
R&D tax concession for exploration activities		335,298	-
Proceeds on sale of property, plant and equipment		-	15,000
Payments for plant and equipment		(760,843)	(521,912)
Net cash used in investing activities		(10,119,937)	(8,222,625)
Cash flows from financing activities			
Proceeds from the issue of shares		16,391,393	11,645,800
Payments for share issue costs		(848,058)	(578,048)
Repayment of lease liabilities		(86,037)	(78,939)
Net cash from financing activities		15,457,298	10,988,813
Net (decrease)/increase in cash held		4,587,982	2,232,809
Cash at the beginning of the financial year		14,050,537	11,817,728
Cash at the end of the financial year	8(a)	18,638,519	14,050,537

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

Note 1 Summary of material accounting policy information

The material accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for the consolidated entity consisting of Encounter Resources Limited and its subsidiaries ("Group").

Basis of preparation

This general-purpose financial report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The separate financial statements of the parent entity have not been presented within this financial report as permitted by the Corporations Act 2001 (refer Note 32 for further information)

The financial report of the Group was authorised for issue in accordance with a resolution of Directors on 29 September 2025.

Statement of Compliance

The consolidated financial report of Encounter Resources Limited complies with Australian Accounting Standards, which include AIFRS, in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards ("IFRS") in their entirety.

Adoption of new and revised Accounting Standards

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

New standards and interpretations not yet adopted

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application date for future reporting periods and which the Group has decided not to early adopt.

Reporting basis and conventions

These financial statements have been prepared under the historical cost convention, and on an accrual basis.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation

The financial statements of subsidiary companies are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements of subsidiary companies are prepared for the same reporting period as the parent company, using consistent accounting policies.

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiary companies are accounted for at cost in the individual financial statements of the Company.

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

Note 1 Summary of material accounting policy information (continued)

(a) Segment reporting

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's board of directors, being the Group's Chief Operating Decision Maker, as defined by AASB 8.

(b) Other income

Interest income

Interest income is recognised on a time proportion basis and is recognised as it accrues.

Option fee income

Recognised for option fee income at such time that the option fee becoming receivable by the Company occurs.

Management fee income

Recognised for management fees from farm-in and alliance partners during the period in which the Company provided the relevant service.

(c) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(d) Property, plant and equipment

Depreciation of property, plant and equipment is calculated using the straight line and diminishing value methods to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Asset Class	Depreciation Rate
Field equipment and vehicles	33%
Office equipment	33%
Leasehold improvements	Over the term of the lease

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(c)). Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

Note 1 Summary of material accounting policy information (continued)

(e) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure is written off as incurred or accumulated in respect of each identifiable area of interest and capitalised. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in the income statement.

Farm-in arrangements (in the exploration and evaluation phase)

For exploration and evaluation asset acquisitions (farm-in arrangements) in which the Group has made arrangements to fund a portion of the selling partner's (farmor's) exploration and/or future development expenditures (carried interests), these expenditures are reflected in the financial statements as and when the exploration and development work progresses.

Farm-out arrangements (in the exploration and evaluation phase)

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Monies received pursuant to farm-in agreements are treated as a liability on receipt and until such time as the relevant expenditure is incurred.

(f) Joint ventures and joint operations

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduces the carrying amount of the investment.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Details of these interests are shown in Note 15.

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

Note 1 Summary of material accounting policy information (continued)

(g) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 2 Financial risk management

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables

The nature of the business activity of the Group does not result in trading receivables. The receivables that the Group does experience through its normal course of business are short term and the most significant recurring by quantity is receivable from the Australian Taxation Office, the risk of non-recovery of receivables from this source is considered to be negligible.

Cash deposits

The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the Group currently has no significant concentrations of credit risk.

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

Note 2 Financial risk management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Interest rate risk

The Group has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Group does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

Equity risk

The Group has exposure to price risk in respect of its holding of ordinary securities in Hampton Hill NL, which has a carrying value at 30 June 2025 of \$59,342 (2024: \$59,342). The investment is classified at fair value through profit or loss and as such any movement in the value of Hampton Hill NL shares will be recognised as a benefit of expense in profit or loss. No specific hedging activities are undertaken into this investment.

Foreign exchange risk

The Group enters into earn-in arrangements that may be denominated in currencies other than Australian Dollars.

Whilst the Group does not recognise assets or liabilities in respect of these earn-in arrangements and accordingly fluctuations in foreign exchange rates will have no direct impact on the Group's net assets, movements in foreign exchange may favourably or adversely affect future amounts to be incurred by the Group or its earn-in partners pursuant to such agreements.

Other than the above, the Group does not have any direct contact with foreign exchange fluctuations other than their effect on the general economy.

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Accounting for capitalised exploration and evaluation expenditure

The Group's accounting policy is stated at 1(e). There is some subjectivity involved in the carrying forward as capitalised or writing off to profit or loss the exploration and evaluation expenditure. Key judgements applied include determining which expenditures relate directly to exploration and evaluation activities and allocating overheads between those that are expensed and capitalised. Management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

Accounting for share based payments

The values of amounts recognised in respect of share-based payments have been estimated based on the fair value of the equity instruments granted. Fair values of options issued are estimated by using an appropriate option pricing model. There are many variables and assumptions used as inputs into the models. If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised. See note 20 for details of inputs into option pricing models in respect of options issued during the reporting period.

Note 4 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group's sole activity is mineral exploration and resource development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

	Consolidated	
	2025	2024
	\$	\$

Note 5 Other income

Operating activities

Tenement option fee income	40,000	35,000
Recharged costs	61,319	45,088
Profit on sale of property, plant and equipment	-	14,494
R&D tax concession	-	12,345
Other income	-	66,728
	101,319	173,655

Note 6 Loss for the year

Loss before income tax includes the following specific benefits/(expenses):

Depreciation:

Office equipment (note 12)	(6,179)	(5,603)
Field equipment (note 12)	(266,752)	(116,351)
Right of use assets – leases (note 13)	(75,602)	(68,821)
	(348,533)	(190,775)

Previously capitalised exploration costs written off (note 14)	(544,201)	(2,375,690)
Exploration costs expensed for the period (note 14)	(984,278)	(532,507)
Total exploration costs in profit or loss	(1,528,479)	(2,908,197)

Note 7 Income tax

a) Income tax expense

Current income tax:

Current income tax benefit	(3,015,532)	(2,370,281)
Current income tax benefit not recognised	3,015,532	2,370,281

Deferred income tax:

Relating to origination and reversal of timing differences	555,715	(301,970)
Deferred income tax benefit/(liability) not recognised	(555,715)	301,970

Income tax expense reported in the statement of profit or loss	-	-
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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

	Consolidated	
	2025	2024
	\$	\$

Note 7 Income tax (continued)

b) Reconciliation of income tax expense to prima facie tax payable

Profit/(Loss) from continuing operations before income tax expense	(3,832,386)	(4,331,728)
Tax at the Australian rate of 25% (2024: 25%)	(958,097)	(1,082,932)
<i>Tax effect of permanent differences:</i>		
Non-deductible share-based payment	302,017	167,561
Exploration costs written off	136,050	593,923
Capital raising costs claimed	(130,529)	(89,184)
Net deferred tax asset benefit not brought to account	650,559	410,632
Tax expense	-	-

c) Deferred tax – Statement of Financial Position

<i>Liabilities</i>		
Accrued income	(25,174)	-
Capitalised exploration expenditure	(7,653,022)	(5,713,400)
	(7,678,196)	(5,713,400)
<i>Assets</i>		
Revenue losses available to offset against future taxable income	13,295,921	11,987,736
Deferred income	12,500	-
Employee provisions	115,391	94,991
Accrued expenses	75,671	44,568
Deductible equity raising costs	334,401	297,508
	13,833,884	12,424,803
Net deferred tax asset not recognised	6,155,688	6,711,403

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	Consolidated	
	2025	2024
	\$	\$

Note 7 Income tax (continued)

d) Deferred tax – Income Statement

Liabilities

Accrued income	(25,174)	-
Prepaid expenses	-	45,462
Capitalised exploration expenditure	(1,939,622)	(1,267,628)

Assets

Deductible equity raising costs	36,893	99,920
Deferred income	12,500	-
Accruals	31,103	(9,201)
Increase in tax losses carried forward	1,308,185	1,405,343
Employee provisions	20,400	28,074
Deferred tax benefit/(expense) movement for the period not recognised (note 7a)	(555,715)	301,970

The deferred tax benefit of tax losses not brought to account will only be obtained if:

- (i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

All unused tax losses were incurred by Australian entities.

Note 8 Current assets - Cash and cash equivalents

Cash at bank and on hand	1,338,519	1,750,537
Term Deposits	17,300,000	12,300,000
	18,638,519	14,050,537

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents per statement of cash flows	18,638,519	14,050,537
---	------------	------------

(b) Term Deposits

Amounts classified as term deposits are short term deposits able to be converted at the Company's election into known amounts of cash within three to six months or less and earn interest at the respective short term interest rates and are subject to an insignificant risk of change in value.

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	Consolidated	
	2025	2024
	\$	\$

Note 8 Current assets - Cash and cash equivalents (continued)

(c) Cash balances not available for use

There are no amounts reported in cash that are no available for use.

Included in non-current assets are various cash backed security deposits amounting to \$137,466 (2024: \$137,466).

The security deposits at 30 June 2025 relate to the Group's lease on its office at 1 Alvan Street, Subiaco, Western Australia of \$25,652, an exploration licence security fee of \$11,814 and an amount of \$100,000 held on deposit in relation to the Group's corporate credit card facility.

The Company recognises liabilities in the financial statements for unspent farm-in contributions.

Note 9 Current assets – Receivables

a) Trade and other receivables

Accrued income	100,695	-
Trade and other receivables	21,885	8,942
GST recoverable	59,832	102,413
	182,412	111,355
	182,412	111,355

Details of fair value and exposure to interest risk are included at note 22.

Note 10 Non-current assets – Investment in controlled entities

a) Investment in controlled entities

The following amounts represent the respective investments in the share capital of Encounter Resources Limited's wholly owned subsidiary companies at 30 June 2025:

Encounter Operations Pty Ltd	2	2
Encounter Yeneena Pty Ltd	2	2
Baudin Resources Pty Ltd	10	10
Encounter Paterson Pty Ltd	1	1
Encounter Aileron Pty Ltd	1	1
Encounter Gascoyne Pty Ltd	1	1
Faure Resources Pty Ltd	1	1
West Arunta Infrastructure Pty Ltd	1	-

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Note 10 Non-current assets – Investment in controlled entities (continued)

Subsidiary Company	Date of Incorporation	Country of Incorporation	Ownership Interest	
			2025	2024
Encounter Operations Pty Ltd	27 Nov 2006	Australia	100%	100%
Encounter Yeneena Pty Ltd	23 May 2013	Australia	100%	100%
Baudin Resources Pty Ltd	7 April 2017	Australia	100%	100%
Encounter Paterson Pty Ltd	9 July 2021	Australia	100%	100%
Encounter Aileron Pty Ltd	9 July 2021	Australia	100%	100%
Encounter Gascoyne Pty Ltd	21 Nov 2023	Australia	100%	100%
Faure Resources Pty Ltd	16 Jan 2024	Australia	100%	100%
West Arunta Infrastructure Pty Ltd	28 Feb 2025	Australia	100%	-

The ultimate controlling party of the group is Encounter Resources Limited and all subsidiary companies are incorporated in Western Australia.

b) Loans to controlled entities

The following amounts are payable to the parent company, Encounter Resources Limited at the reporting date:

	2025 \$	2024 \$
Encounter Operations Pty Ltd	22,381,820	22,317,646
Encounter Yeneena Pty Ltd	969,661	969,642
Baudin Resources Pty Ltd	4,376,257	2,946,292
Encounter Paterson Pty Ltd	7,967,552	7,337,114
Encounter Aileron Pty Ltd	14,906,031	9,338,333

The loans to Encounter Operations Pty Ltd, Encounter Paterson Pty Ltd, Encounter Aileron Pty Ltd, Encounter Yeneena Pty Ltd and Baudin Resources Pty Ltd, to fund exploration activity are non-interest bearing.

Encounter Resources Limited does not intend to call for repayment within 12 months.

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	Consolidated	
	2025 \$	2024 \$

Note 11 Financial assets – Investments Designated at Fair Value through Profit or Loss

Balance at the start of the financial year	59,342	59,342
Gain on investments recognised through profit & loss ¹	-	-
	59,342	59,342
Balance at the end of the financial year	59,342	59,342

¹ Adjustment to carrying value of investment in Hampton Hill NL, based on the Company's share of net assets. The gain on investment has been recognised in the Statement of Profit or Loss .

Investments designated at fair value through profit or loss have been measured at level 3 in the fair value measurement hierarchy.

Note 12 Non-current assets – Property, plant and equipment

Field equipment

At cost	2,081,228	1,330,959
Accumulated depreciation	(1,088,645)	(821,893)
	992,583	509,066

Office equipment

At cost	80,925	70,351
Accumulated depreciation	(65,121)	(58,942)
	15,804	11,409
	1,008,387	520,475

Reconciliation

Field equipment

Net book value at start of the year	509,066	77,806
Cost of additions	750,269	548,117
Net book value of disposals	-	(506)
Depreciation charged (note 6)	(266,752)	(116,351)
Net book value at end of the year	992,583	509,066

Office equipment

Net book value at start of the year	11,409	14,594
Cost of additions	10,574	2,418
Depreciation charged (note 6)	(6,179)	(5,603)
Net book value at end of the year	15,804	11,409
	1,008,387	520,475

No items of property, plant and equipment have been pledged as security by the Group.

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Notes to the Consolidated Financial Statements
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	Consolidated	
	2025	2024
	\$	\$

Note 13 Non-current assets – Right of use assets - leases

Leases

Carrying value at start of the year	201,605	43,621
ROU assets recognised in the year	-	226,805
Depreciation charged (note 6)	(75,602)	(68,821)
	126,003	201,605

A right of use asset has been recognised in respect of the Group's lease of its office at Suite 2, 1 Alvan Street, Subiaco, Western Australia, which expires 28 February 2027.

Refer to Note 18 for details of the corresponding right of use liability arising from the abovementioned lease.

Note 14 Non-current assets – Capitalised mineral exploration and evaluation expenditure

In the exploration and evaluation phase

Capitalised exploration costs at the start of the period	22,853,601	17,783,090
Total acquisition and exploration costs for the period (i)	9,885,734	8,419,058
Exploration costs funded by EIS grant	(263,469)	(323,999)
Research and development tax credits (ii)	(335,298)	-
Previously capitalised exploration costs written off (note 6)	(544,201)	(2,375,690)
Exploration expensed for the period (note 6)	(984,278)	(648,858)
	30,612,089	22,853,601

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The capitalised exploration expenditure written off includes expenditure written off on surrender of or intended surrender of tenements for both the group entities and the Group's proportionate share of the exploration written off by the joint venture entities.

- (i) *Does not include costs incurred by farm-in partners in respect of spend incurred on assets the subject of farm-in arrangements.*
- (ii) *Amounts receivable pursuant to research and development tax credit (R&D) claims lodged during the period. The activities the subject of the R&D claims are subject to review by AusIndustry prior to being submitted. R&D submissions may or may not be subject to future review or audit by AusIndustry or the Australian Taxation Office.*

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Notes to the Consolidated Financial Statements
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Note 15 Interest in joint ventures and farm-in arrangements

a) Joint Venture Agreements – Joint Operations

Joint venture agreements may be entered into with third parties.

Assets employed by these joint ventures and the Group's expenditure in respect of them is brought to account initially as capitalised exploration and evaluation expenditure until a formal joint venture agreement is entered into.

b) Joint Venture and Farm-in Arrangements

Earn-in and Joint Venture Agreement – Jessica Copper Project ("Jessica")

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

- South32 has the right to earn a 60% interest in Jessica (the "Initial Interest") by sole funding \$15 million of exploration expenditure within 10 years.
- During the farm-in phase or joint venture period, South32 may earn an additional 15% interest in Jessica (the "Further Interest") by completing a Scoping Study.
- Upon South32 earning the Initial Interest or Further Interest in Jessica, a 60:40 or 75:25 joint venture will be formed and in the case of South32 earning the Further Interest, the parties must contribute funds based on their pro-rata interest or dilute according to a standard dilution formula. Should a party's interest dilute to below 10%, that party's interest shall automatically convert to a net smelter return royalty.
- During the farm-in phase, South32 will be the Manager of the project.

During the farm-in phase, a technical committee comprising representatives from each of Encounter and South32 will review and approve annual exploration programs and budgets. All decisions of the technical committee will be decided by majority vote, with South32 having a casting vote.

South32 are currently in the Initial Interest earning stage at Jessica.

Scoping Study means an order of magnitude technical and economic study of the potential viability of JORC Mineral Resources for the relevant project.

During the period Encounter regained 100% control of the following projects, previously subject to farm-in and joint venture arrangements:

- Yeneena copper project in in the Paterson Province of Western Australia, following the withdrawal of IGO Limited Carrara copper-zinc project in the Northern Territory and South32 Limited withdrawing from the Carrara Farm-in Agreement.

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	Consolidated	
	2025	2024
	\$	\$

Note 16 Current liabilities – Trade and other payables

Trade payables and accruals	885,614	1,024,089
Other payables	110,711	74,541
	996,325	1,098,630

Liabilities are not secured over the assets of the Group. Details of fair value and exposure to interest risk are included at note 22.

Note 17 Current liabilities - Employee benefits

Liability for annual leave	222,386	169,233
Liability for long service leave	239,177	210,731
	461,563	379,964

Note 18 Current liabilities – Lease liabilities

Leases

Carrying value at start of the year	205,897	49,059
Lease liabilities recognised in the year	-	226,805
Lease payments made	(86,037)	(78,939)
Lease interest charged to profit or loss	17,557	8,972
	137,417	205,897

Lease liabilities are split between current and non-current liabilities at the balance date as follows:

Lease liabilities due < 1 year	78,637	68,197
Lease liabilities due > 1 year	58,780	137,700
	137,417	205,897

A lease liability has been recognised in respect of the Group's lease of its office at Suite 2, 1 Alvan Street, Subiaco, Western Australia.

Refer to Note 13 for details of the corresponding right of use asset arising from the abovementioned lease.

Refer to Note 22 for details of contractual maturity of the lease liability.

Note 19 Issued capital

a) Ordinary shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

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Note 19 Issued capital (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

	<i>Issue price</i>	2025 No.	2024 No.	2025 \$	2024 \$
<i>b) Share capital</i>					
Issued share capital		498,792,319	450,828,054	82,577,740	66,693,913
<i>c) Share movements during the year</i>					
Balance at the start of the financial year		450,828,054	395,525,781	66,693,913	55,158,968
Share placement	\$0.22	-	47,727,273	-	10,500,000
Exercise of options ¹	\$0.082	-	1,500,000	-	123,000
Exercise of options ¹	\$0.162	-	5,050,000	-	818,100
Exercise of options ¹	\$0.208	-	175,000	-	36,400
Exercise of options ¹	\$0.20	400,000	100,000	80,000	20,000
Exercise of options ¹	\$0.30	400,000	100,000	120,000	30,000
Exercise of options ¹	\$0.182	-	650,000	-	118,300
Exercise of options ¹	\$0.175	100,000	-	17,500	-
Exercise of options ¹	\$0.50	100,000	-	50,000	-
Exercise of options ¹	\$0.222	2,450,000	-	543,900	-
Share placement	\$0.35	42,857,141	-	14,999,999	-
Share purchase plan	\$0.35	1,657,124	-	579,993	-
Transfer from reserves on exercise of options (note 21)		-	-	340,486	467,193
Less share issue costs:					
Cash-based		-	-	(848,051)	(578,048)
Balance at the end of the financial year		498,792,319	450,828,054	82,577,740	66,693,913

¹ Refer Note 20 for details of options exercised.

A further 1,630,000 shares have been issued since 30 June 2025 on the exercise of options.

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt (where applicable). Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company may seek to raise capital to fund its exploration and evaluation programs, invest in project generation or acquisition and to fund the corporate and administrative costs that support such activities.

The capital risk management policy remains unchanged from the 30 June 2024 Annual Report.

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Note 20 Options, performance rights and share based payments

Options

The Encounter Resources Limited Employee Share and Option Plan (“the Option Plan”) was last approved by a resolution at the Annual General Meeting of shareholders of the Company on 24 November 2023.

All eligible Directors, executive officers and employees of Encounter Resources Limited who have been continuously employed by the Company are eligible to participate in the Option Plan.

Options issued during the year

During the financial year the Company granted 4,563,000 options (2024: 3,010,000) over unissued shares.

Options exercised during the year

During the financial year the Company issued shares on the exercise of 3,450,000 (2024: 7,575,000) unlisted options, as follows:

<i>Number of options exercised</i>	<i>Details of options exercised</i>
100,000	Exercisable at \$0.175 expiring 27 March 2027
400,000	Exercisable at \$0.20 expiring 29 September 2025
400,000	Exercisable at \$0.30 expiring 29 September 2025
100,000	Exercisable at \$0.50 expiring 29 May 2026
2,450,000	Exercisable at \$0.222 expiring 26 November 2024

Options cancelled during the year

During the year 700,000 options (2024: 175,000) were cancelled upon termination of employment and 800,000 options (2024: nil) were cancelled on expiry of the exercise period.

Options on issue at the balance date

The number of options on issue at 30 June 2025 is 17,683,000 (2024: 18,070,000). The terms of these options are as follows:

<i>Number of options outstanding</i>	<i>Exercise price</i>	<i>Expiry date</i>
3,630,000	22.4 cents	28 November 2025
1,200,000	19.0 cents	28 June 2026
500,000	20.0 cents	29 September 2025
500,000	30.0 cents	29 September 2025
3,980,000	26.8 cents	30 November 2026
250,000	28.3 cents	15 January 2027
150,000	20.8 cents	28 February 2027
400,000	50.0 cents	29 May 2026
200,000	36.8 cents	20 June 2027
400,000	67.7 cents	24 July 2027
400,000	68.9 cents	1 August 2027
660,000	55.6 cents	23 November 2027
1,000,000	39.7 cents	17 December 2027
150,000	35.5 cents	25 February 2028
100,000	65.0 cents	10 September 2028
363,000	59.0 cents	28 November 2028
3,100,000	52.0 cents	11 December 2028
700,000	33.6 cents	31 March 2029

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Note 20 Options, performance rights and share based payments (continued)

Options - Subsequent to the balance date

Nil options have been granted subsequent to the balance date and to the date of signing this report.

1,630,000 options have been exercised subsequent to the balance date to the date of signing this report.

Subsequent to the balance date nil options have been cancelled on expiry of the exercise period.

Options - Weighted average contractual life

The weighted average contractual life for un-exercised options is 21.1 months (2024: 22.4 months).

Options - Basis and assumptions used in valuation.

The options issued during the year were valued using the Black-Scholes option valuation methodology.

Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied ¹	Value of Options ²
11 September 2024	100,000	65.0	10 September 2028	3.62%	114.0%	\$30,817
29 November 2024	363,000	59.0	28 November 2028	4.05%	106.2%	\$96,533
12 December 2024	3,200,000	52.0	11 December 2028	3.90%	105.5%	\$736,298
3 January 2025	200,000	52.0	11 December 2028	3.96%	109.4%	\$43,908
1 April 2025	700,000	33.6	31 March 2029	3.86%	101.9%	\$102,039
						\$1,009,595

¹ Historical volatility has been used as the basis for determining expected share price volatility.

² Total value of options allocated to employee share-based remuneration expense.

Reconciliation of movement of options during the period including weighted average exercise price (WAEP)

	2025		2024	
	No.	WAEP (cents)	No.	WAEP (cents)
Options outstanding at the start of the year	18,070,000	29.5	22,810,000	21.5
Options granted during the year	4,563,000	50.0	3,010,000	53.6
Options exercised during the year	(3,450,000)	23.5	(7,575,000)	15.1
Options cancelled and expired unexercised during the year	(1,500,000)	37.5	(175,000)	20.8
Options outstanding at the end of the year	17,683,000	35.3	18,070,000	29.5

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Notes to the Consolidated Financial Statements
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Note 20 Options, performance rights and share based payments (continued)

Performance Rights

The Encounter Resources Limited Performance Rights Plan (“the Performance Rights Plan”) was last approved by a resolution at the Annual General Meeting of shareholders of the Company on 29 November 2024.

All eligible Directors, executive officers and employees of Encounter Resources Limited who have been continuously employed by the Company are eligible to participate in the Performance Rights Plan.

Performance rights issued during the year

During the financial year the Company granted 1,221,500 performance rights (2024: nil).

Performance rights exercised during the year

During the financial year nil performance rights became vested or were exercised.

Performance rights cancelled during the year

During the year 125,000 performance rights (2024: nil) were cancelled upon termination of employment. Nil performance rights were cancelled on expiry of the exercise period (2024: nil).

Performance rights on issue at the balance date

The number of performance rights on issue at 30 June 2025 is 1,096,500 (2024: nil). The terms of these options are as follows:

Number of performance rights outstanding	Vesting date	Expiry date
1,096,500	31 December 2025	31 December 2026

Subsequent to the balance date

Nil performance rights have been granted subsequent to the balance date and to the date of signing this report.

Nil performance rights have been exercised subsequent to the balance date to the date of signing this report.

Subsequent to the balance date nil performance rights have been cancelled on expiry of the exercise period.

Weighted average contractual life

The weighted average contractual life for un-exercised performance rights is 18 months (2024: nil).

Basis and assumptions used in the valuation of performance rights.

The performance rights issued during the year are subject to time-based vesting conditions and as such have been valued at the underlying share price at the date of grant.

Date granted	Number of performance rights granted	Exercise price (cents)	Vesting date	Expiry date	Fair value per performance right	Notional value of performance rights ²
12 December 2024	1,096,500	Nil	31 December 2025	31 December 2026	\$0.344	\$376,969
1 April 2025	125,000	Nil	31 December 2025	31 December 2026	\$0.244	\$27,975
						\$404,944

¹5-day volume weighted average share price up to and including the date of grant.

²Notional value of performance rights awarded. The notional value is apportioned over the respective vesting period.

Value of performance rights allocated to employee share-based remuneration expense for the year	\$198,473
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Notes to the Consolidated Financial Statements
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Note 20 Options, performance rights and share based payments (continued)

Reconciliation of movement of performance rights during the period including weighted average exercise price (WAEP)

	2025		2024	
	No.	WAEP (cents)	No.	WAEP (cents)
Rights outstanding at the start of the year	-	-	-	-
Rights granted during the year	1,221,500	-	-	-
Rights exercised during the year	(125,000)	-	-	-
Rights cancelled and expired unexercised during the year	-	-	-	-
Rights outstanding at the end of the year	1,096,500	-	-	-

	Consolidated			
	2025		2024	
	Accumulated losses \$	Equity remuneration reserve ¹ \$	Accumulated losses \$	Equity remuneration reserve (i) \$
Balance at the beginning of the year	(32,421,829)	1,977,806	(28,103,156)	1,787,811
Loss for the period	(3,832,386)	-	(4,331,728)	-
Movement in equity remuneration reserve in respect of options and rights issued (note 20)	-	1,208,068	-	670,243
Transfer to accumulated losses on cancellation of options and rights	257,432	(257,432)	13,055	(13,055)
Transfer to share capital on exercise of options and rights (note 19)	-	(340,486)	-	(467,193)
Balance at the end of the year	(35,996,783)	2,587,956	(32,421,829)	1,977,806

Note 21 Reserves and accumulated losses

Balance at the beginning of the year	(32,421,829)	1,977,806	(28,103,156)	1,787,811
Loss for the period	(3,832,386)	-	(4,331,728)	-
Movement in equity remuneration reserve in respect of options and rights issued (note 20)	-	1,208,068	-	670,243
Transfer to accumulated losses on cancellation of options and rights	257,432	(257,432)	13,055	(13,055)
Transfer to share capital on exercise of options and rights (note 19)	-	(340,486)	-	(467,193)
Balance at the end of the year	(35,996,783)	2,587,956	(32,421,829)	1,977,806

¹The equity remuneration reserve is used to recognise the fair value of options and performance rights issued and vested but not exercised.

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Note 22 Financial instruments

Credit risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made, note 2(a).

Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period, other than the write off of deferred exploration assets at note 14.

Interest rate risk

At the reporting date the interest profile of the Group's interest-bearing financial instruments was:

	Carrying amount (\$)	
	2025	2024
Fixed rate instruments		
Financial assets	-	-
Variable rate instruments		
Financial assets ¹	18,638,519	14,050,537

¹ Cash and cash equivalents.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2025				
Variable rate instruments	186,385	(186,385)	186,385	(186,385)
2024				
Variable rate instruments	140,505	(140,505)	140,505	(140,505)

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Notes to the Consolidated Financial Statements
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Note 22 Financial instruments (Continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, note 2(b):

Consolidated	Carrying amount	Contractual cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
	\$	\$	\$	\$	\$	\$	\$
2025							
Trade and other payables	996,325	996,325	996,325	-	-	-	-
Lease liabilities	137,417	150,180	44,004	45,171	61,005	-	-
	1,133,742	1,146,505	1,040,329	45,171	61,005	-	-
2024							
Trade and other payables	1,098,630	1,098,630	1,098,630	-	-	-	-
Lease liabilities	205,897	235,936	42,314	43,441	89,175	61,006	-
	1,304,527	1,334,566	1,140,944	43,441	89,175	61,006	-

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Consolidated			
	2025		2024	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Cash and cash equivalents	18,638,519	18,638,519	14,050,537	14,050,537
Financial assets	59,342	59,342	59,342	59,342
Lease liabilities	(137,417)	(137,417)	(205,897)	(205,897)
Trade and other payables	(996,325)	(996,325)	(1,098,630)	(1,098,630)
	17,564,119	17,564,119	12,805,352	12,805,352

Note 23 Dividends

No dividends were paid or proposed during the financial year ended 30 June 2025 or 30 June 2024.

The Company has no franking credits available as at 30 June 2025 or 30 June 2024.

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Encounter Resources Limited
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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

Note 24 Key management personnel disclosures

(a) Directors and key management personnel

The following persons were directors of Encounter Resources Limited during the financial year:

- (i) *Executive directors*
Will Robinson, Executive Chairman
- (ii) *Non-executive directors*
Jonathan Hronsky, Director
Philip Crutchfield, Director
Peter Bewick, Director

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

(b) Key management personnel compensation

A summary of total compensation paid to key management personnel during the year is as follows:

	2025 \$	2024 \$
Total short-term employment benefits	606,688	525,067
Total share-based payments	96,533	153,651
Total post-employment benefits	62,675	47,739
	765,896	726,457

There were no other transactions with key management personnel.

Note 25 Remuneration of auditors

Audit and review of the Company's financial statements	56,800 ²	37,600 ¹
Audit of tenement expenditure reports	-	2,650 ¹
	56,800	40,250

¹ Amounts paid to Crowe Perth, who ceased as auditor of the Company effective 8 October 2024.

² Includes a total amount of \$30,300 paid to Crowe Perth.

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

Note 26 Contingencies

(i) Contingent liabilities

There were no material contingent liabilities not disclosed for in the financial statements of the Group as at 30 June 2025 or 30 June 2024 other than:

Yeneena Project Gold Claw-back

Included in the agreement for the Group's acquisition of the remaining 25% interest of certain licences in the Yeneena Project is a gold claw-back right in the event of a major discovery of a deposit of minerals dominant in gold, with gold revenue measured in a mining study equal to or exceeding 65% of total revenue and where a JORC compliant mineral resources exceeds 4,000,000 ounces of gold or gold equivalent, or is capable of producing at least 200,000 ounces of gold or gold equivalent per year for 10 years.

Under the agreement Barrick (Australia Pacific) Limited retains the right to regain an interest of between 70 and 100% in the gold discovery at a price of between US\$40-100 per ounce, with a 1.5% net smelter royalty to Encounter Resources.

The Yeneena Project Gold Claw-back relates to the following exploration licences: E45/2500, E45/2501, E45/2502, E45/2561, E45/2657, E45/2658, E45/2805 and E45/2806.

Lamil Production Royalty

The Group is subject to a production unit royalty of \$1 per dry metric tonne of ore mined and sold from licence E45/4613 at its Lamil Copper-Gold Project.

Native Title and Aboriginal Heritage

The Group has Land Access and Mineral Exploration Agreements with Jamukurnu-Yapalikurnu Aboriginal Corporation (formally Western Desert Lands Aboriginal Corporation) in relation to the tenements comprising the Yeneena Copper Project and the Lamil Copper-Gold Project. Jamukurnu-Yapalikurnu Aboriginal Corporation (Western Desert) is the Prescribed Body Corporate for the Martu People of the Central Western Desert region in Western Australia.

The Company has entered into the Mineral Exploration and Land Access Deed of Agreement with the Parna Ngururra (Aboriginal Corporation) RNTBC in relation to the Aileron project in the West Arunta in Western Australia.

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

Bank guarantees

ANZ Bank has provided an unconditional bank guarantee amounting to \$25,652 in relation to the lease over the Company's office premises at Suite 2, 1 Alvan Street, Subiaco, Western Australia.

A bank guarantee exists, and a corresponding amount of \$100,000 held on deposit, in relation to the Group's corporate credit card facility.

These amounts are not reported as a cash asset in these financial statements, and are classified as security bonds and deposits in non-current assets (refer Note 8(c)).

(ii) Contingent assets

There were no material contingent assets as at 30 June 2025 or 30 June 2024.

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

Note 27 Commitments

(a) Exploration

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may be varied as a result of renegotiations of the terms of the exploration licences or their relinquishment. The minimum exploration obligations are less than the normal level of exploration expected to be undertaken by the Group.

As at balance date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements and which cover the following twelve-month period amount to \$4,422,000 (2024: \$2,478,500).

The exploration expenditure obligations stated above include amounts (approximately \$2.0m (2024: approximately \$1.3m)) that are funded by third parties pursuant to various farm-in agreements (Note 15). Therefore, current expenditure commitment on Encounter 100% owned projects is approximately \$2.4m (2024: approximately \$1.2m).

(b) Contractual Commitment

There are no material contractual commitments as at 30 June 2025 or 30 June 2024 not otherwise disclosed in the Financial Statements.

Note 28 Related party transactions

Transactions with Directors during the year are disclosed at Note 24 – Key Management Personnel.

There are no other related party transactions other than as stated in the financial statements.

Note 29 Events occurring after the balance sheet date

Other than as already stated in this report in relation to the exercise of options, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

	Consolidated	
	2025	2024
	\$	\$

Note 30 Reconciliation of loss after tax to net cash inflow from operating activities

Loss from ordinary activities after income tax	(3,832,386)	(4,331,728)
Depreciation and amortisation	348,533	74,424
Exploration cost written off and expensed	1,528,479	3,024,548
Share based payments expense	1,208,068	670,243
Profit on disposal of property, plant and equipment	-	(14,494)
Lease interest	17,557	8,972
<i>Movement in assets and liabilities:</i>		
(Increase)/decrease in receivables	(95,849)	(4,300)
Increase/(decrease) in payables	76,219	38,956
Net cash outflow from operating activities	(749,379)	(533,379)

Non-Cash Investing and Financing Activities

There were no non-cash investing or financing activities during the financial year.

Note 31 Earnings per share

	Consolidated	
	2025	2024
	Cents	Cents
<i>a) Basic earnings per share</i>		
Loss attributable to ordinary equity holders of the Company	(0.8)	(1.1)
<i>b) Diluted earnings per share</i>		
Loss attributable to ordinary equity holders of the Company	(0.8)	(1.1)
<i>c) Loss used in calculation of basic and diluted loss per share</i>	\$	\$
Consolidated loss after tax from continuing operations	(3,832,386)	(4,331,728)
<i>d) Weighted average number of shares used as the denominator</i>	No.	No.
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	478,441,136	410,722,867

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Notes to the Consolidated Financial Statements
For the financial year ended 30 June 2025

Note 32 Parent entity information

	Company	
	2025	2024
	\$	\$

Financial position

Assets

Current assets	19,734,313	14,059,478
Non-current assets	31,058,643	23,898,240
	<hr/>	<hr/>
Total Assets	50,792,956	37,957,718
	<hr/>	<hr/>

Liabilities

Current liabilities	1,565,263	1,570,128
Non-current liabilities	58,780	137,700
	<hr/>	<hr/>
Total Liabilities	1,624,043	1,707,828
	<hr/>	<hr/>

NET ASSETS

	49,168,913	36,249,890
	<hr/> <hr/>	<hr/> <hr/>

Equity

Issued capital	82,577,740	66,693,913
Equity remuneration reserve	2,587,956	1,977,806
Accumulated losses	(35,996,783)	(32,421,829)
	<hr/>	<hr/>

TOTAL EQUITY

	49,168,913	36,249,890
	<hr/> <hr/>	<hr/> <hr/>

Financial performance

Profit/(Loss) for the year	(3,574,954)	(4,331,728)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income	(3,574,954)	(4,331,728)
	<hr/> <hr/>	<hr/> <hr/>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

No guarantees have been entered into by the parent entity in relation to the debts of its subsidiary companies.

Contingent liabilities

For full details of contingencies see Note 26.

Commitments

For full details of commitments see Note 27.

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Consolidated Entity Disclosure Statement
As at 30 June 2025

Entity Name	Entity Type	Body Corporates		Tax Residency	
		Place of Incorporation	% Share Capital Held	Australian or Foreign	Foreign Jurisdiction
Encounter Resources Limited	Body Corporate	Australia	N/a	Australian	N/a
Encounter Operations Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Encounter Aileron Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Encounter Paterson Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Encounter Gascoyne Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Encounter Yeneena Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Faure Resources Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Baudin Resources Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
West Arunta Infrastructure Pty Ltd	Body Corporate	Australia	100%	Australian	N/a

All entities are members of the Encounter Resources Limited consolidated tax group (ENR Tax Group). No member of the ENR Tax Group has a residency for tax purposes in any jurisdiction other than in Australia.

None of the abovementioned entities acts as a trustee of a trust within the Consolidated Entity, or is a partner in partnership with the Consolidated Entity, or is a participant in a joint venture within the Consolidated Entity.

Encounter Resources Limited
ABN 47 109 815 796

Directors' Declaration

In the opinion of the Directors of Encounter Resources Limited ("the Company")

- (a) the financial statements and notes set out on pages 21 to 52 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position as at 30 June 2025 and of the performance for the year ended on that date of the Group.
- (b) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) the financial statements comply with International Financial Reporting Standards as set out in Note 1.
- (e) the Consolidated Entity Disclosure Statement is true and correct.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2025.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 29th day of September 2025.



Will Robinson
Executive Chairman

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INDEPENDENT AUDITOR'S REPORT

To the Members of Encounter Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Encounter Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying value of Capitalised Mineral Exploration And Evaluation Expenditure Refer to Note 14</p> <p>In accordance with <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises exploration and evaluation expenditure.</p> <p>Our audit focused on the Group’s assessment of the capitalised exploration and evaluation expenditure, as this is one of the most significant assets of the Group and is material to the users of the financial statements.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - We obtained an understanding of the key processes associated with management’s review of the carrying values of each area of interest; - We considered the Directors’ assessment of potential indicators of impairment; - We obtained evidence that the Group has current rights to tenure of its areas of interest; - We examined the exploration budget for the coming period and discussed with management the nature of planned ongoing activities; - We enquired with management, reviewed ASX announcements and reviewed minutes of Directors’ meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; - We substantiated a sample of capitalised expenditure to underlying support; and - We examined the disclosures made in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2025, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- (a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

- (b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- (a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- (b) the consolidated entity disclosure statement that is true and correct and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Encounter Resources Limited for the year ended 30 June 2025 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2025



D I Buckley
Partner