

*A highly active exploration company focused on uranium, gold and base metals in Western Australia*

### ASX Code

ENR

### Market Cap (29/10/08)

A\$7.5m (\$0.11/share)

### Issued Capital (30/9/08)

68.5 million ordinary shares  
2.0 million employee options

### Cash (30/9/08)

A\$4.0M

### Board of Directors & Management

Mr. Paul Chapman  
Non-Executive Chairman

Mr. Will Robinson  
Managing Director

Mr. Peter Bewick  
Exploration Director

Dr. Jon Hronsky  
Non-Executive Director

Mr. Kevin Hart  
Company Secretary

[www.enrl.com.au](http://www.enrl.com.au)

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## HIGHLIGHTS

### YILGARN

#### Hillview

- An initial Inferred Resource at the Hillview project of 27.6 million tonnes, averaging 174ppm U<sub>3</sub>O<sub>8</sub> for a contained content of approximately **10.6 million pounds U<sub>3</sub>O<sub>8</sub>** was released during the quarter.

#### Darlot

- An aircore drill program has commenced to follow up a supergene gold occurrence identified within a previously unknown greenstone belt located 15km north of the Darlot gold mine.

### BANGEMALL BASIN

#### Tchintaby Well

- An initial drilling program has been completed at the Tchintaby Well base metals project. Drilling of the Laksa and Rendang gravity anomalies has intersected thickened black shales and extensive disseminated sulphide mineralisation. Assays remain pending.

### PATERSON PROVINCE

#### Yeneena JV

- Dominant land position in a world class mineral field that hosts the Kintyre uranium deposits.
- Multi-element re-analysis of drill pulps from historical drilling has defined a 4km long uranium regolith anomaly at the intersection of two key basement structures.
- A 1000 line km Tempest© Airborne EM survey has been completed. Initial modelling shows several anomalies of interest within the primary target areas.

### SOUTH WEST

#### Wongan Hills

- Results of a regional laterite geochemical sampling program has identified a potential camp scale gold anomaly with over 30% of samples taken at the project exceeded 20ppb Au with supporting tellurium and molybdenum anomalism.

### CORPORATE

- Since 2004, Encounter has been progressing its uranium portfolio in WA. Following the WA state election, both the state government and federal governments now support uranium mining in Western Australia.
- \$4.0M in cash reserves at the end of the quarter.

## EXPLORATION

Encounter Resources Limited (Encounter) is a Western Australian (WA) based exploration and resource development company with projects in four geological regions of WA. Encounter's portfolio covers over 7,000km<sup>2</sup> of strategically located and highly prospective exploration projects (Figure 10).

The portfolio includes:

- a suite of projects located in the Yilgarn Province prospective for calcrete style uranium, base metals and gold;
- five projects targeting base metals deposits in the Bangemall Basin;
- two multi-metal projects in the South West of WA; and
- a joint venture with Barrick Gold of Australia which encompasses a major ground position in the Proterozoic Paterson mineral province considered highly prospective for unconformity related uranium and base metals mineralisation.

## YILGARN

### HILLVIEW (E51/1127) - 80% Encounter, 20% Avoca

The Hillview uranium project contains an Inferred Resource of 27.6 million tonnes, averaging 174ppm U<sub>3</sub>O<sub>8</sub> for a contained 10.6 million pounds of U<sub>3</sub>O<sub>8</sub> was reported during the quarter (see *ASX announcement 10 July 2008*). The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines. Contained U<sub>3</sub>O<sub>8</sub> reports in-situ metal in the ground and does not consider any mining, metallurgical or economic parameters.

The main mineralised zone at Hillview is 7km long by 1.4km wide with an average thickness of 3.15m (Figure 1). The Hillview resource is a flat lying, consistent body of near surface uranium mineralisation with minimal internal dilution.

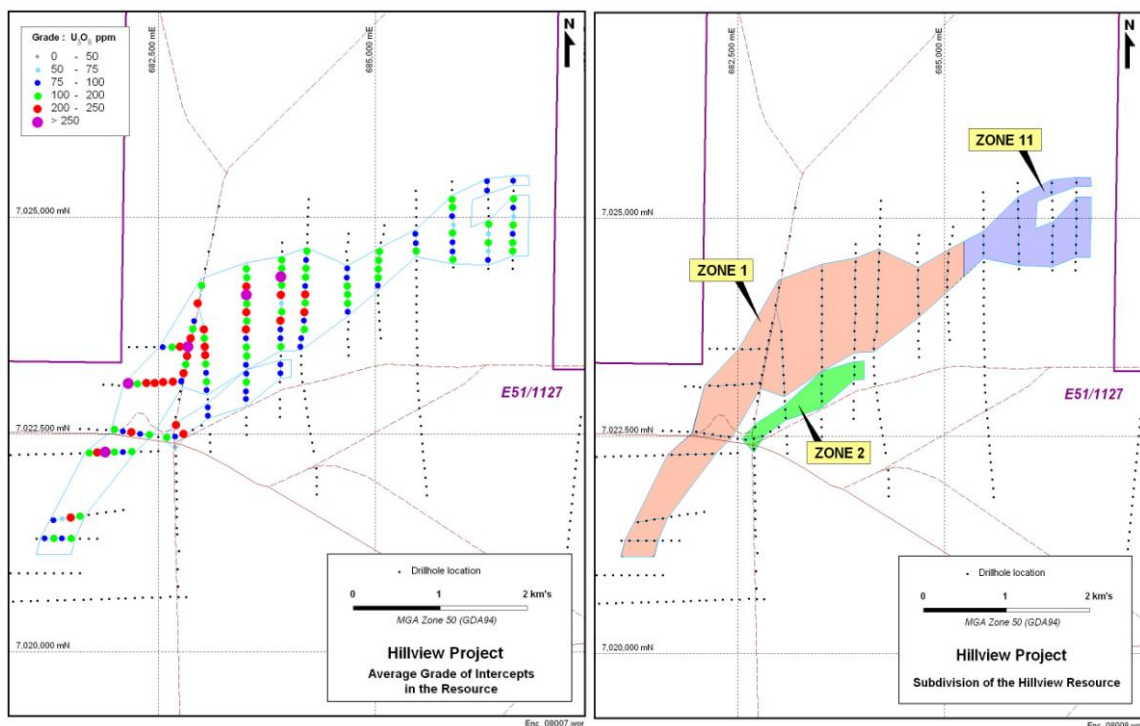


Figure 1. Hillview project – Resource outlines

Figure 2. Hillview project – Average grade of drillholes

The average grade of the drill holes within the resource indicates that the uranium mineralisation is best developed a bend in the channel system where potential exists for a smaller, higher grade resource (see Figure 2).

A draft report on the mineralogy and potential leach amenability of a 20kg sample taken from a single line of drilling was received during the quarter. This initial program was commissioned to provide information to assist in formulating a future comprehensive metallurgical test program. The mineralogical results from this study were inconclusive and further work is required to determine the mineralogy of the uranium mineralisation before further metallurgical work is completed.

### LAKE DARLOT (E37/830) - 80% Encounter, 20% Avoca

The Lake Darlot Project is located 15kms north of the Darlot Gold Mine on the Eastern margin of the Yandal Greenstone Belt (see Figure 3). Interpretation of the regional magnetics has identified an extensive NNW trending structural corridor that 'horsetails' as it flexes along the margin of a major granite intrusion located in the east of the project.

An aircore drilling program completed at the Lake Darlot project in March 2008 uncovered a belt of previously unidentified greenstone lithologies including basalts, dolerites and felsic volcanic rocks over 7km strike under lake sediment cover. The identified greenstone lithology is coincident with the extensive NNW trending structural corridor interpreted in the regional magnetics. Zones of pyrite, haematite and sericite alteration were noted in the drilling and assay results included supergene gold anomalism up to 250ppb Au over 2m. A second phase of aircore drilling was completed in October with results pending.

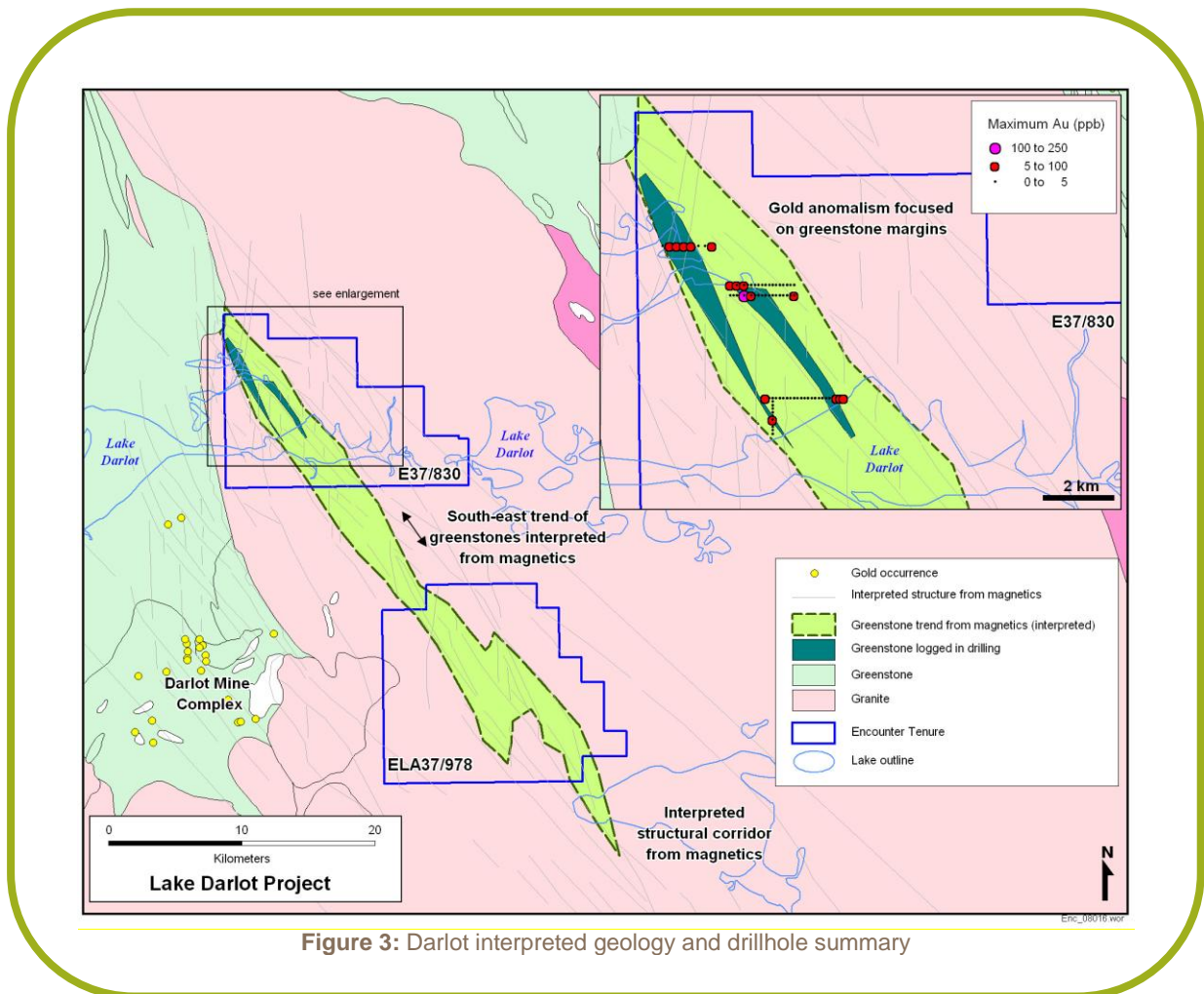


Figure 3: Darlot interpreted geology and drillhole summary

## LAKE IRWIN- 80% Encounter, 20% Avoca

The Lake Irwin Project is located 95km north east of Leonora. Two broad, east-west trending aircore drill traverses were completed in March 2008 to test a series of uranium, base metals and gold anomalies defined in a previous auger drilling program.

Assay results received during the quarter indicate anomalous uranium concentration within a buried calcrete body on the western end of the southern aircore drill line. Results include 8m @ 76ppm  $U_3O_8$  from surface and 2m @ 84ppm  $U_3O_8$  from 2m, with results strengthening and open to the west. A drill program will be completed to the west of the existing holes to follow the mineralisation and search for higher grade zones.

## SOUTH WEST REGION

### WONGAN HILLS AND SHACKLETON (E70/2957 and E70/2958) - 80% Encounter, 20% Avoca

The Wongan Hills and Shackleton Projects are located within the wheatbelt of WA, within 200kms from Perth. The projects were secured in March 2006 following the release of the CRC-LEME laterite dataset for the South West Yilgarn. These two projects cover the standout laterite geochemical uranium sample clusters within this extensive dataset.

Infill laterite sampling along public roads and tracks was completed to locate possible higher grade, discrete zones of geochemical anomalism at the Wongan Hills and Shackleton Projects. The results of the infill sampling at Wongan Hills returned anomalous gold values up to 38ppb with supporting tellurium and molybdenum. A broad anomaly in excess of 20ppb gold extends over 20 strike kilometres and remains open to the south and east (see Figure 4). Additional laterite sampling will be completed in the coming quarter to determine the boundaries of the extensive anomaly. In addition a program of fine fraction soil sampling will be completed to define specific targets within the anomalous area.

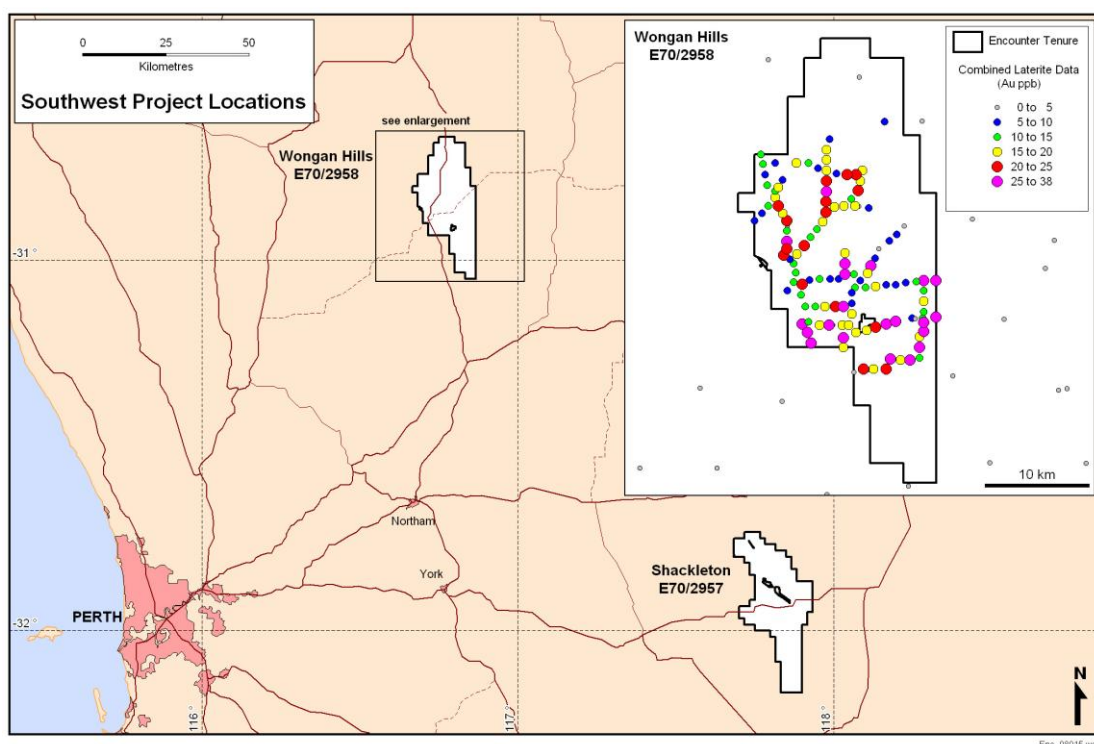


Figure 4: Wongan Hills laterite gold anomaly

## PATERSON PROVINCE

### YENEENA JOINT VENTURE (Encounter earning 75% from Barrick)

The Yeneena JV cover a 1500km<sup>2</sup> tenement package in the Paterson Province of WA that is considered highly prospective for unconformity related uranium mineralisation, SEDEX lead-zinc mineralisation and Nifty/Isa style copper mineralisation. Encounter is earning a 75% interest in the tenements from Barrick Gold of Australia through the expenditure of \$3M over 5 years.

The project area covers the northern margin of an area of anomalously thick Yeneena Group sedimentary rocks (Yeneena Sub-Basin). This margin replicates the geological setting seen on the southern margin 40kms to the south, where the Kintyre uranium deposits are located (Figure 5).

A Tempest© Airborne Electromagnetic Magnetic (AEM) survey was completed in the quarter with preliminary results received in October. The 1000 line km survey was designed to infill the regional Paterson AEM survey recently completed by Geoscience Australia (GA) as part of the Federal Government's Onshore Energy Initiative. Results from the GA survey are expected to be released to the public in early 2009.

The area of the infill survey completed by Encounter focused on the northern margin of the Yeneena Sub-Basin at the intersection of interpreted, regionally extensive basement structures. An initial review of the Conductivity Depth Images (CDIs) indicates that the survey has been successful at seeing through the regolith and well into the fresh rock. The assessment and interpretation of the bedrock anomalies identified in the survey has commenced.

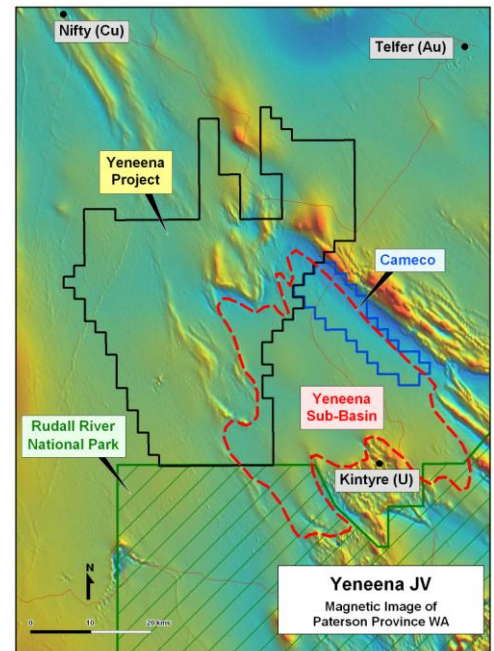


Figure 5: Yeneena JV 1VD magnetics

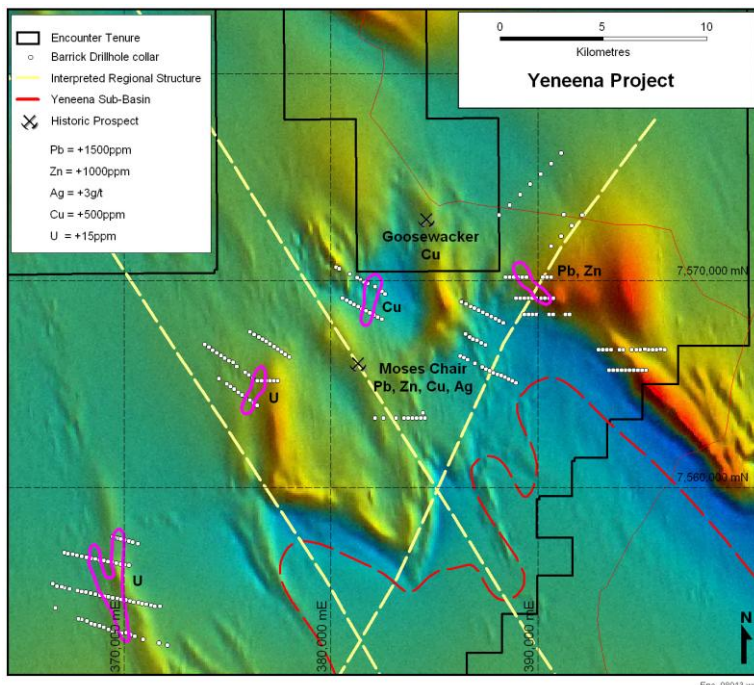


Figure 6: Yeneena JV Re-assay summary

Multi-element re-analysis of the drill pulps from 18,000m of drilling completed by Barrick has now been completed. Assay results received have highlighted a number of areas of significant regolith anomalism with most anomalies remaining open (see Figure 6). The 4km long uranium anomaly located in the south east of the project is of particular interest. This uranium anomaly is associated with an AEM anomaly that strengthens to the north of the existing drilling.

Compilation and interpretation of all data is currently underway. Coincident structural, geochemical and/or geophysical anomalies will be followed up with detailed ground geophysical programs and drilling in the coming year.

## BANGEMALL BASIN

Encounter Resources controls a large and strategic project position of over 2000km<sup>2</sup> in the prospective Proterozoic Bangemall Basin of Western Australia (Figure 7).

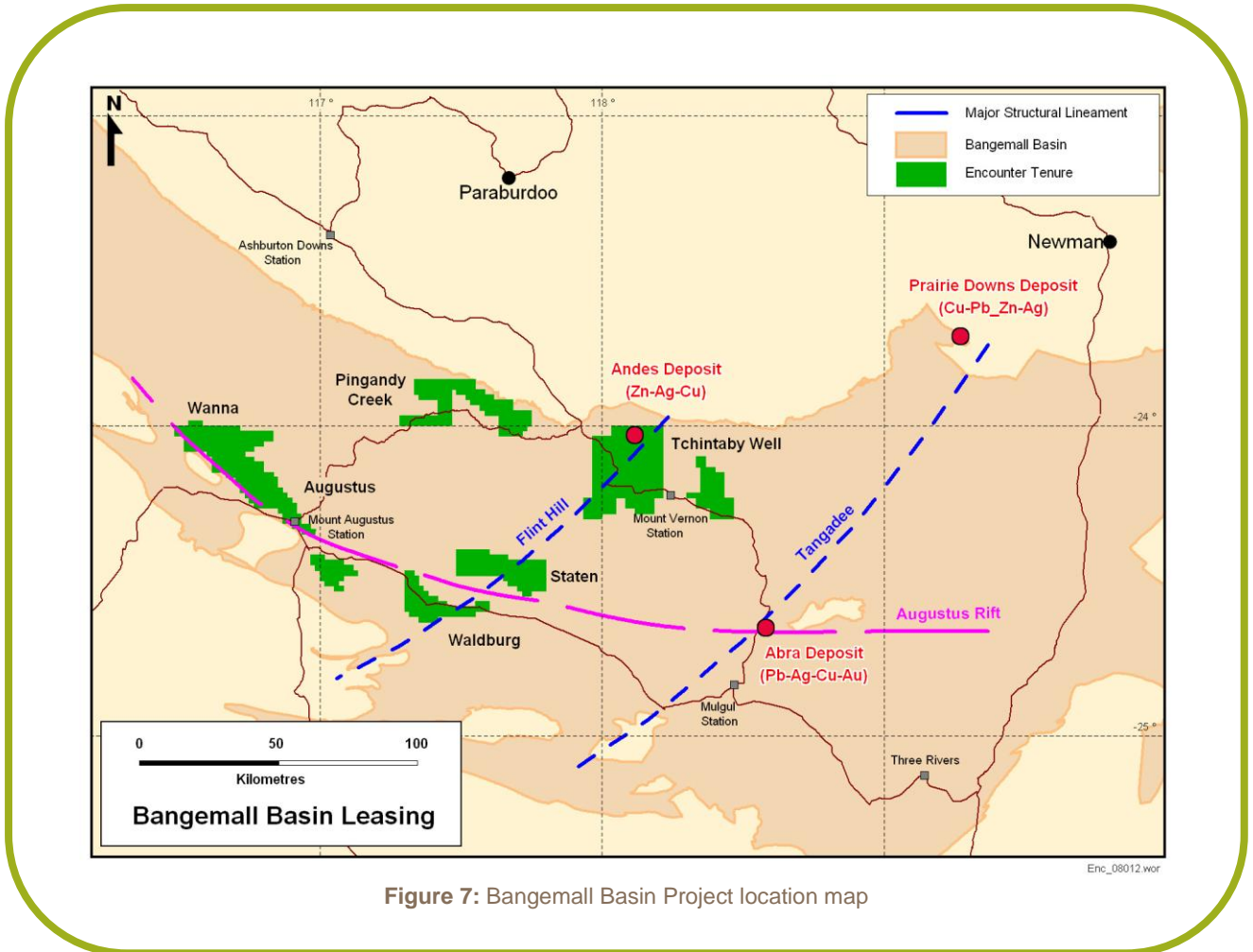


Figure 7: Bangemall Basin Project location map

### Pingandy Creek Project

(E08/1779 - 80% Encounter, 20% Avoca, E08/1794 100% Encounter and E08/1578 Encounter Option to earn 100%)

The Pingandy Creek Project is located 80km south of Paraburdoo and covers an area of 425km<sup>2</sup> along the northern margin of the Bangemall Basin.

Historical drilling in the area by Pasminco in the mid 1990s intersected extensive, shallow, low grade Zn-Cu-Pb mineralisation within a black shale unit named the Peebeeze Horizon. Encounter completed a 400m by 200m spaced ground survey gravity over a 15km segment of the prospective Peebeeze Horizon where only one hole has tested the horizon below a depth of 25m from surface. The survey area encompassed a number of historic mineralised holes and 3kms of the downdip extension of the target horizon.

The survey defined five excess mass anomalies downdip and along strike from the Pasminco drilling. Four of the five (G1-G4) gravity anomalies were drill tested in the September quarter with a total of eleven drill holes. These holes intersected Proterozoic dolerite intrusions of variable thicknesses at the target zone. It appears these intrusions are generating the excess mass anomalies. Low grade zinc, copper and silver mineralisation was intersected within the apparent down dip extension of the Peebeeze Horizon in the order of 1-5m at 0.25-0.5% Zn, 200-400ppm Cu and 2-5g/t Ag.

## TCHINTABY WELL (E52/1882 and ELA52/1959) - 80% Encounter, 20% Avoca

The Tchintaby Well Project covers over 750km<sup>2</sup> and is being targeted for high grade SEDEX zinc mineralisation, similar to the Century and McArthur River deposits in Eastern Australia.

An initial drill program of seven holes was completed in September, at the Andes, Laksa and Rendang prospects (see Figure 8). Although assay results are pending, geological logging indicates that the gravity anomalies at Laksa and Rendang represent thickened zones of the sulphidized black shale host unit. These thickened zones are prospective for the discovery of high grade base metal mineralisation. When assay results are received a program of Induced Polarisation (IP) geophysics will be completed to define potential higher grade areas within this large scale mineralised system.

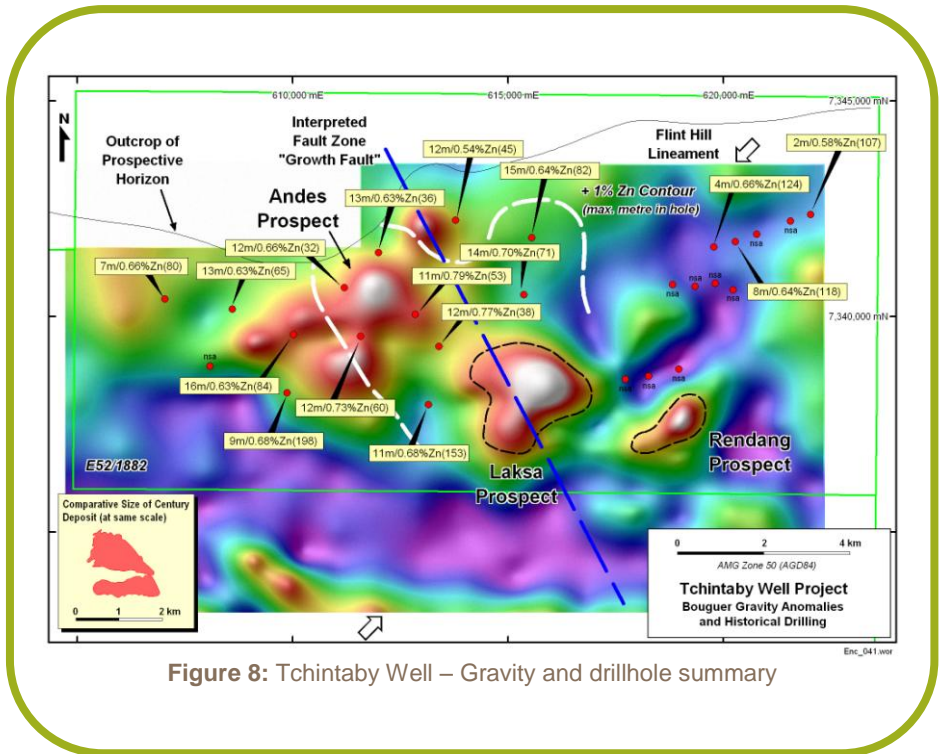


Figure 8: Tchintaby Well – Gravity and drillhole summary

## WANNA (E08/1779) - 80% Encounter, 20% Avoca

The Wanna Project is located at the southern margin of the Bangemall Basin, approximately 40kms WNW of Mt Augustus. A regional ground gravity survey was completed during the quarter encompassing the Waldburg and Wanna projects. At Wanna the program was designed to infill the excess mass anomaly at Koorabooka Spring and to test a structural target within the recently acquired

Dolphin Resources JV tenement, E09/1268 (see Figure 9). Data from this survey is currently being modelled with results to be reported in the coming quarter.

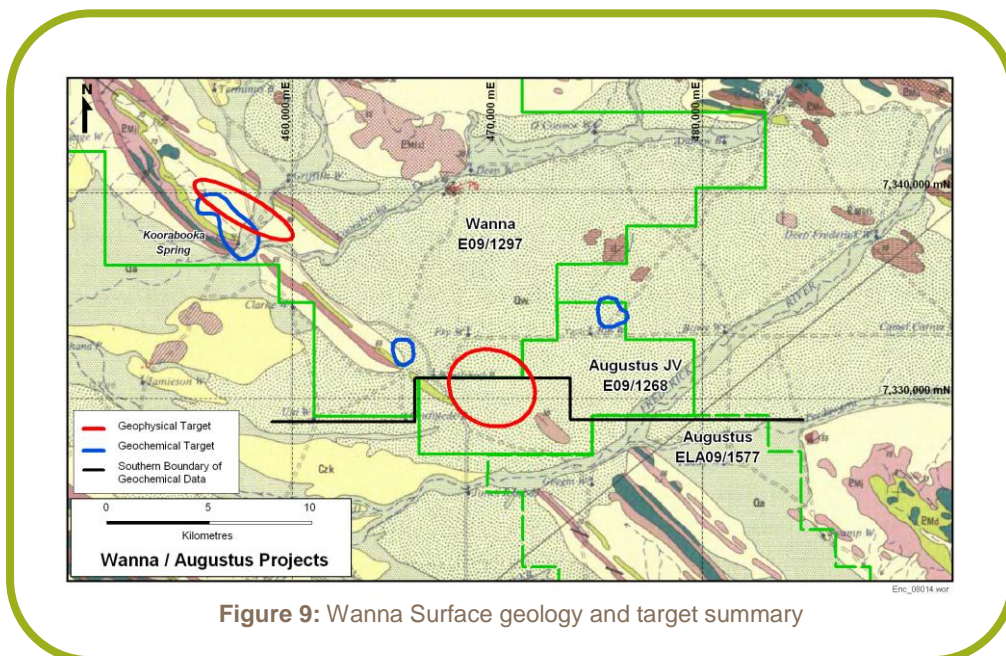


Figure 9: Wanna Surface geology and target summary

## CORPORATE

Since 2004, Encounter has been progressing its uranium portfolio in WA. Following the WA state election, both the state government and federal governments now support uranium mining in Western Australia.

Subsequent to the end of the quarter Avoca Resources Ltd has elected not to contribute to joint venture expenditure for the period from October 2008 to March 2009. During this period standard dilution formulas will apply to Avoca's interest in the Joint Venture tenements.

The company's cash balance at the end of the quarter was \$4.0 million.



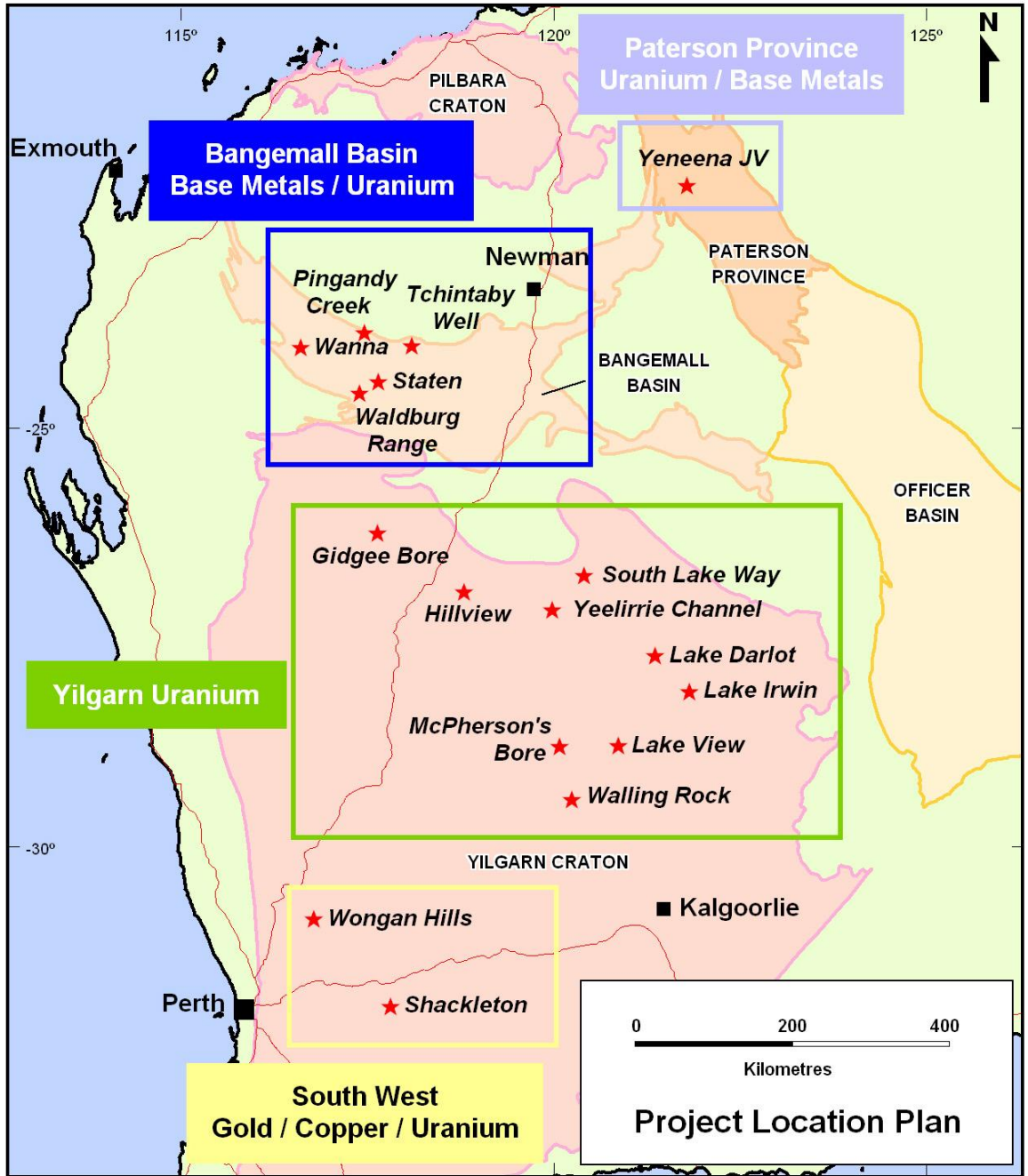
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Will Robinson  
Managing Director

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

*The information in this presentation that relates to Mineral Resources for the Hillview Uranium Project is based on information compiled by Mr Neil Inwood who is employed by Coffey Mining Ltd. Mr Peter Bewick from Encounter has consented to a joint sign off for the Resource, Mr Bewick taking responsibility for the quality and reliability of the drillhole database and Mr Inwood is responsible for the grade estimate and classification of the resource. Messrs Inwood and Bewick have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Messrs Inwood and Bewick consent to the inclusion in the report of the matters based on the information compiled by them, in the form and context in which it appears.*





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Figure 10: Encounter Resources Project Location Plan

## Appendix 5B

# Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Encounter Resources Limited
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ABN

47 109 815 796
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Quarter ended ("current quarter")

30 September 2008
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(582)	(582)
(b) development	-	-
(c) production	-	-
(d) administration	(123)	(123)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	73	73
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(632)</b>	<b>(632)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(24)	(24)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(24)</b>	<b>(24)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(656)</b>	<b>(656)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(656)	(656)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Share Issue Costs)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(656)	(656)
1.20	Cash at beginning of quarter/year to date	4,701	4,701
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	4,045	4,045

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	136
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Remuneration of Directors
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### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-
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+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	650
4.2 Development	-
<b>Total</b>	<b>650</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	127	432
5.2 Deposits at call	3,918	4,252
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>4,045</b>	<b>4,701</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E70/2956	Tenement relinquished	80%	0%
	E36/540	Tenement relinquished	80%	0%
6.2 Interests in mining tenements acquired or increased	E08/1794	Tenement granted	0%	100%

+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 <b>+Ordinary securities</b>	68,596,900	68,596,900		
7.4 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs	-	-		
(c) Released from Escrow	-	-		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	100,000	-	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 23/3/2011
	100,000	-	45 cents	15/5/2011
	250,000	-	52.5 cents	7/12/2011
	50,000	-	57 cents	6/7/2012
	50,000	-	50 cents	9/8/2012
	500,000	-	53.5 cents	30/11/2012
	400,000	-	55 cents	30/11/2012
	400,000	-	70 cents	30/11/2012
	150,000	-	50 cents	30/11/2012
	350,000	-	30 cents	30/6/2013
7.8 Issued during quarter	350,000	-	30 cents	30/6/2013
7.9 Exercised during quarter	-	-		

+ See chapter 19 for defined terms.

7.10	Expired during quarter	-	-		
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-		

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).

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

Sign here:



Date: 30 October 2008

(Company secretary)

Print name: Kevin Hart

## Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.