encounter RESOURCES LIMITED

Quarterly Report March 2009

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

ASX Code

ENR

Market Cap (28/04/09)

A$8.9m ($0.13/share)

Issued Capital (31/3/09)

68.6 million ordinary shares
3.0 million employee options

Cash (31/3/09)

A$2.7M

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

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HIGHLIGHTS

PATERSON PROVINCE

Yeneena JV

- Structural targeting and data compilation has defined eight high quality, regional exploration targets prospective for sedimentary hosted copper and unconformity uranium mineralisation.
- The BM1 copper regolith anomaly extended to over 1.2km long including grades up to 0.35% Cu. Regolith enrichment is coincident with a magnetic and AEM anomaly. The scale and nature of the anomalism indicates the potential for the area to host a major copper deposit.
- Potentially significant base metals gossan over 1km long identified at BM5. The Fe-Mn enriched body is associated with highly elevated Cu-Zn-Pb-Ag anomalism, appears to be structurally controlled and is located adjacent to a major regional fault.
- The final airborne electromagnetic ("AEM") survey data released by Geoscience Australia.
- An initial aircore drilling program to target potential oxide base metal mineralisation at the BM1 and BM5 targets has been planned and is scheduled to commence in the June quarter.

YILGARN

Lake Darlot

- The southern tenement at the Lake Darlot project was granted during the quarter. The project includes the southern extension of a previously unidentified greenstone belt approximately 20km to the east of the 4 million oz Darlot Gold mine. The tenement covers an interpreted folded greenstone sequence that is terminated against a regionally extensive NNW fault zone. Field mapping, rock chip and soil sampling will commence in the June quarter.

CORPORATE

- $2.7M in cash reserves at the end of the quarter.
- The company remains highly active advancing its exploration portfolio. The major focus of exploration activity in 2009 will centre on the Yeneena JV located in the Paterson Province.

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 5,000km^2 of strategically located and highly prospective exploration projects (Figure 10). The portfolio includes:

- Over 10 million pounds of near surface calcrete style uranium resources in the Yilgarn Province
- 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.

The major focus of exploration activity in 2009 will centre on the Yeneena JV located in the Paterson Province.

PATERSON PROVINCE

YENEENA JOINT VENTURE (Encounter earning 75% from Barrick)

The Yeneena JV covers a 1500km^2 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.

During 2008, Geoscience Australia ("GA") completed a 30,000 line km AEM survey over a large portion of the Paterson Province. This survey was funded by the Federal Government's Onshore Energy Initiative. The survey lines were flown in an east-west orientation at 1km or 2km line spacing. Encounter contracted Fugro Airborne to fly an additional 1000 line kms within the Yeneena JV to infill line spacing to 500m. Final data from the AEM program has been received and generation of plate models has commenced. Regions defined through structural targeting and historical data compilation will be reviewed as a priority (Figure 1).

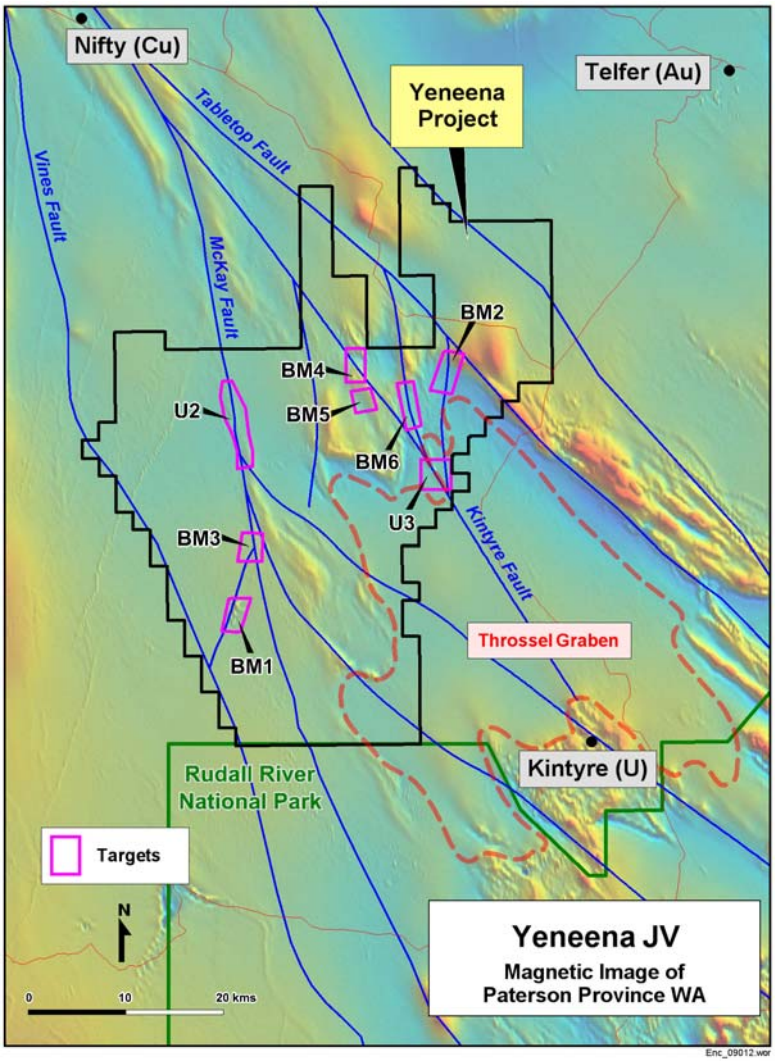

Figure 1: Yeneena JV targets and major structures over 1VD magnetics

Simplified geological stratigraphy for the region comprises the Palaeo-Proterozoic Rudall complex as the lowermost unit, overlain by the Neo-Proterozoic Coolbro Sandstone. The Broadhurst formation sits stratigraphically above the Coolbro and is the host to the base metals targets and the Nifty Copper Mine. The Kintyre uranium deposit sits directly below the unconformity between the Coolbro and the Rudall.

BM1 Target.

The BM1 target sits within the Broadhurst Formation and consists of a coincident magnetic and AEM anomaly located on a SSW trending splay structure to the McKay Fault (Figure 1).

Drilling by CRA in the mid 1980s focused on the outcropping ironstone unit at the northern end of the magnetic anomaly. Three holes were drilled by CRA and intersected copper up to 1000ppm and broad anomalous zones of uranium mineralisation. A water bore hole (WTWB2) drilled to the south of the ironstone returned highly anomalous copper results of 15m @ 0.14% Cu from 25m, including 3m @ 0.35% Cu. A second water bore (WTWB1) drilled 350m to the north west of WTWB2 ended in mineralisation with 8m @ 0.08% Cu from 52m to the end of hole, including 6m @ 0.10% Cu from 52m (Figure 2).

A decade later Normandy completed two broadly spaced lines of shallow RAB drilling across the target area and intersected additional copper regolith anomalism of 10m @ 0.12% Cu from 15m and 26m @ 310ppm from 17m (Figure 2).

The historical drilling defined a regolith copper anomaly that extends over 1.2kms and is open to the north, south and east. This regolith anomalism includes thick intersections in three holes grading in excess of 0.1% Cu over 800 metres in strike.

The southern half of this Cu anomaly is coincident with a westerly dipping EM conductor that has been modelled in both airborne and ground EM datasets. It is interpreted that the conductor represents a sulphidic horizon below the base of oxidation.

The observed geological, geochemical and geophysical features at BM1 show strong similarities to that of the 2 million metal tonne Nifty copper deposit (Figure 4). The scale and nature of the anomalism seen at BM1 indicates the potential for the area to host a major copper deposit.

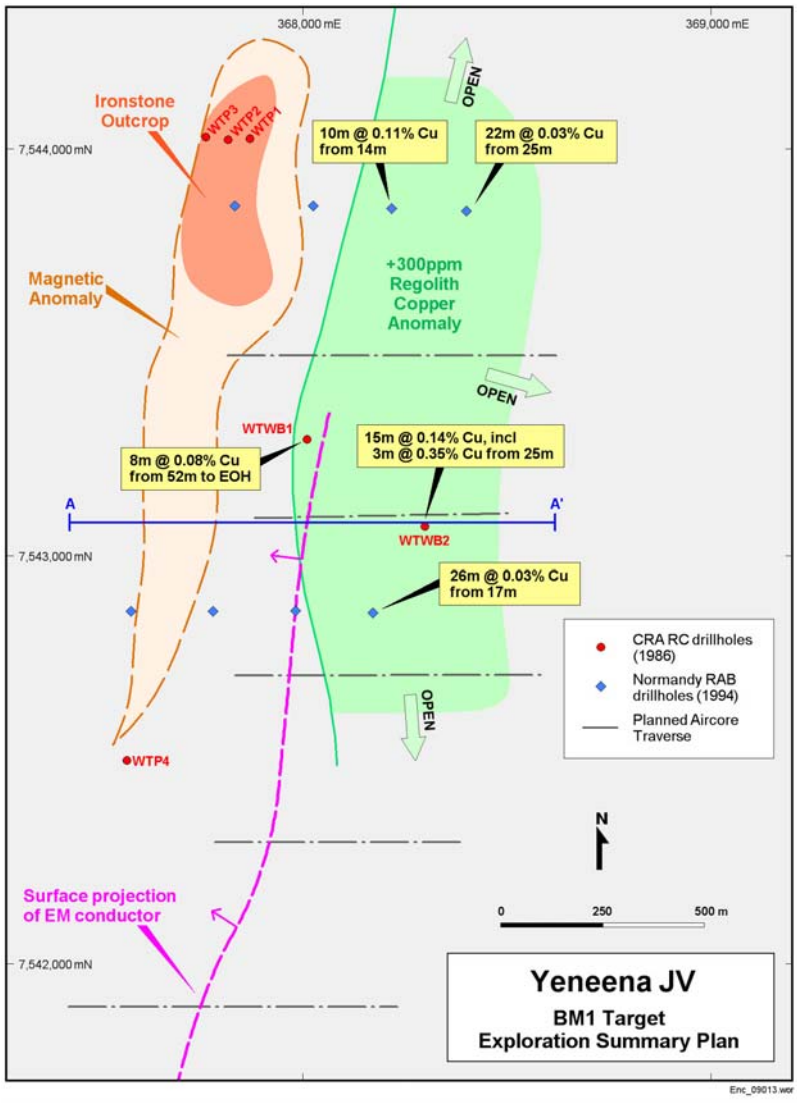

Figure 2: BM1 Exploration Summary Plan

An initial program of aircore drilling will target copper oxide mineralisation directly above and to the east of the modelled EM conductor. The 2500m program will commence in the June quarter. A program of deeper drilling is planned for later in the year and will target the EM conductor at depth (Figure 3).

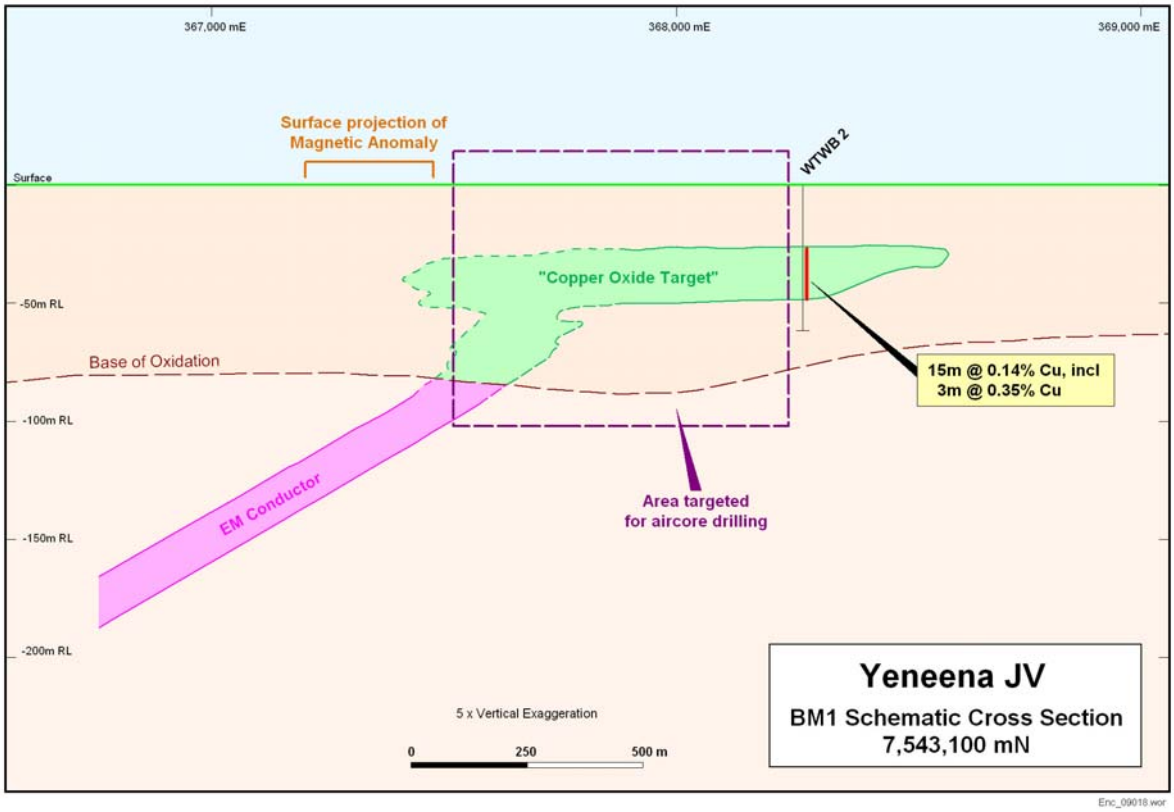

Figure 3: Planned drilling targets at BM1

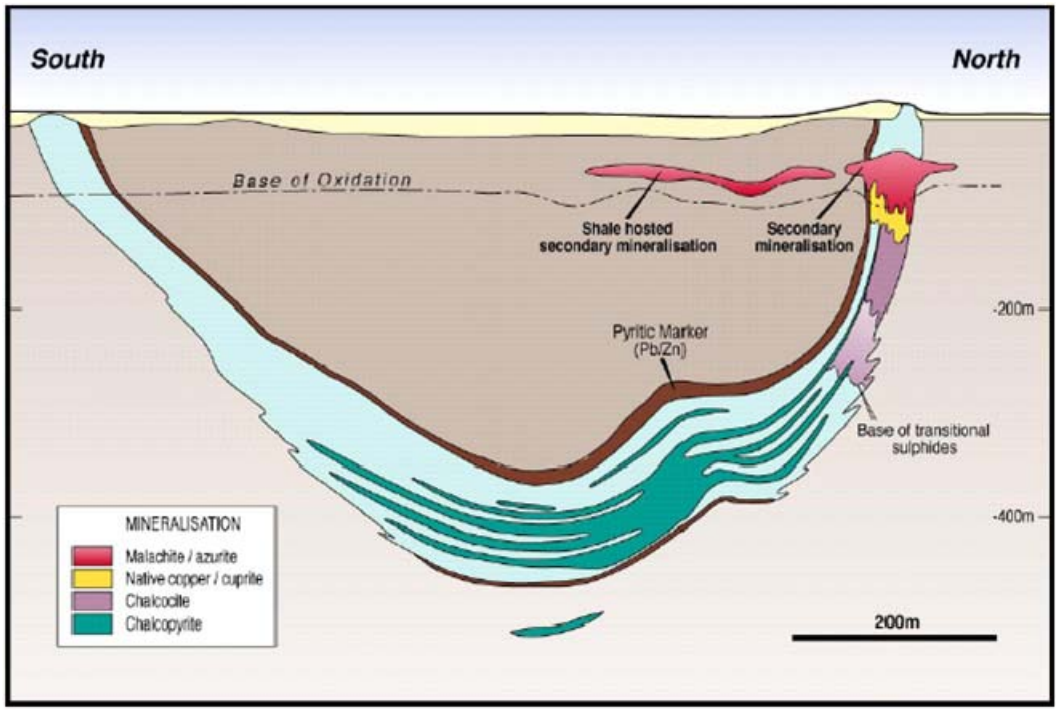

Figure 4: Schematic cross section through the Nifty copper deposit (from Straits Resources website)

BM5 Target.

The BM5 target is located along the regionally extensive Kintyre Fault (Figure 1). The area was initially drilled by WMC in the early 1990s, at the end of their exploration program in this area. A series of 800m spaced RC traverses were drilled across the NW trending Kintyre Fault where it separates two large zones of conductive Broadhurst Formation. These were followed up by one deeper diamond drill hole.

The early drilling program intersected thick zones of Fe-Mn rich material below Permian and Recent cover. The Fe-Mn body is over 1km long and is associated with strong Cu-Zn-Pb-Ag anomalism. The body appears to be controlled by the underlying dolomitic basement geology at the intersection with the Kintyre Fault (Figure 6). Initial interpretation by WMC inferred the base metal anomalism was due to manganese scavenging within the regolith. A comprehensive review of the historical data clearly shows that the high Cu-Zn-Pb-Ag values in this zone do not correlate with the high manganese values. It is therefore interpreted that this enriched body represents a potentially significant base metal gossan.

A series of three aircore traverses have been planned to test the area of the gossan on a 800m by 200m pattern (Figure 5). A Niton portable XRF will be used during the drill program to determine if additional infill holes are required.

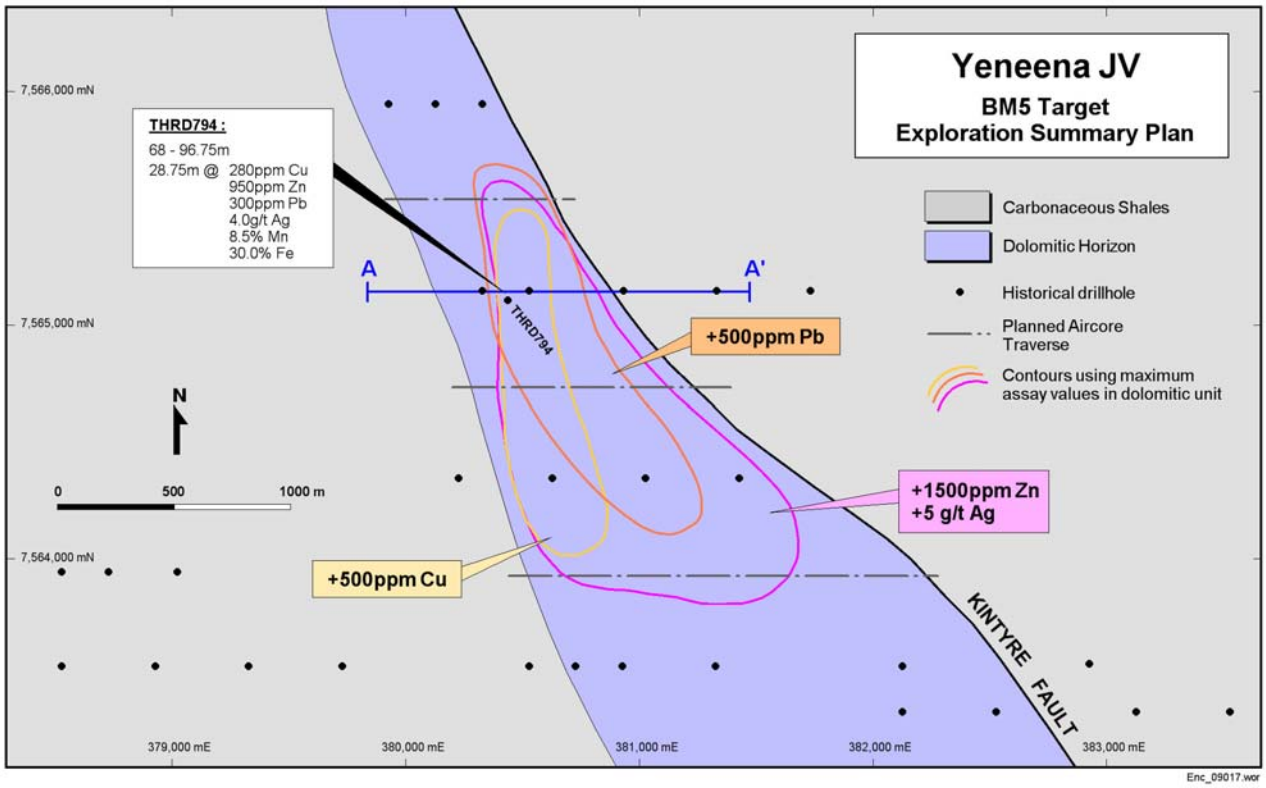

Figure 5: BM5 Exploration summary plan

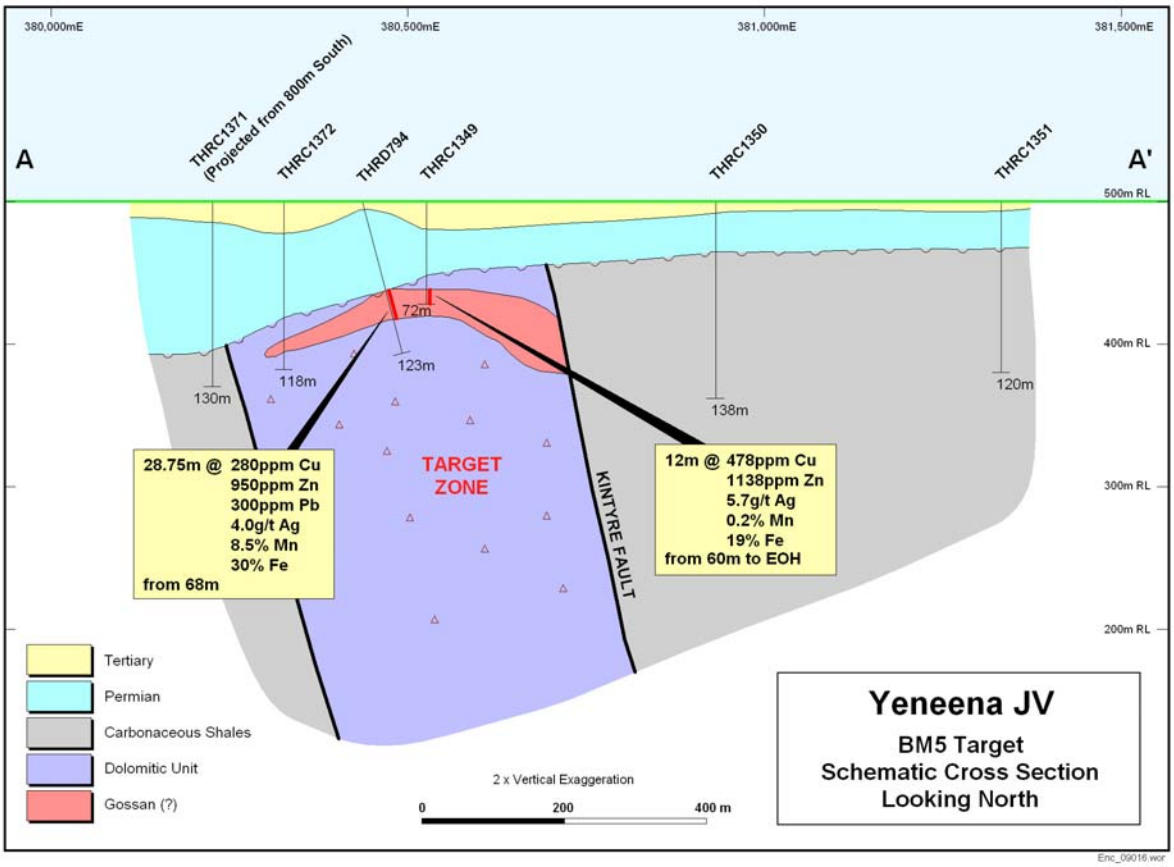

Figure 6: Cross section and drilling target at BM5.

AEM Results.

The final AEM dataset has now been received and includes the lines flown by GA which were released in April 2009. The extensive regional survey has been highly successful at seeing well into the basement and has minimal interference from any surface conductive units. The AEM survey has opened up a new unexplored exploration space at a relatively shallow depth in a region that hosts three major mineral deposits.

The AEM data from within the eight defined target areas at the Yeneena JV project (Figure 1) will now be processed with the aim of defining discrete conductive plates within the basement. Depending on their stratigraphic position these conductors may be considered prospective for unconformity uranium or sedimentary hosted copper mineralisation. The interpretation of this data and the generation of bedrock drill targets will be completed in the June quarter. Drilling of the deeper EM anomalies is scheduled to commence in the September quarter.

YILGARN

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

The Hillview uranium project contains an Inferred Resource of 27.6 million tonnes, averaging 174ppm U_3O_8 for a contained 10.6 million pounds of U_3O_8.

Results for the second round of metallurgical leach tests are pending. It is anticipated that the results of these tests will be reporting in the coming quarter. Composites samples from all holes within the outline of the resource have been collected and stored for possible future test programs.

LAKE DARLOT (E37/830 - 80% Encounter, 20% Avoca and E37/978 – 100% Encounter)

The Lake Darlot Project comprises two tenements located to the north and the east of the Darlot Gold Mine on the Eastern margin of the Yandal Greenstone Belt (Figure 7). Interpretation of 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.

Aircore drilling under shallow cover within E37/830 identified a previously unknown belt of greenstone lithologies including dolerites, basalts and felsic intrusions. The 1km x 200m spaced drilling across the 8km long greenstone belt intersected low level gold anomalism and significant Ag-Co-W mineralisation including results up to 39g/t Ag, 1210ppm Co and 820ppm W.

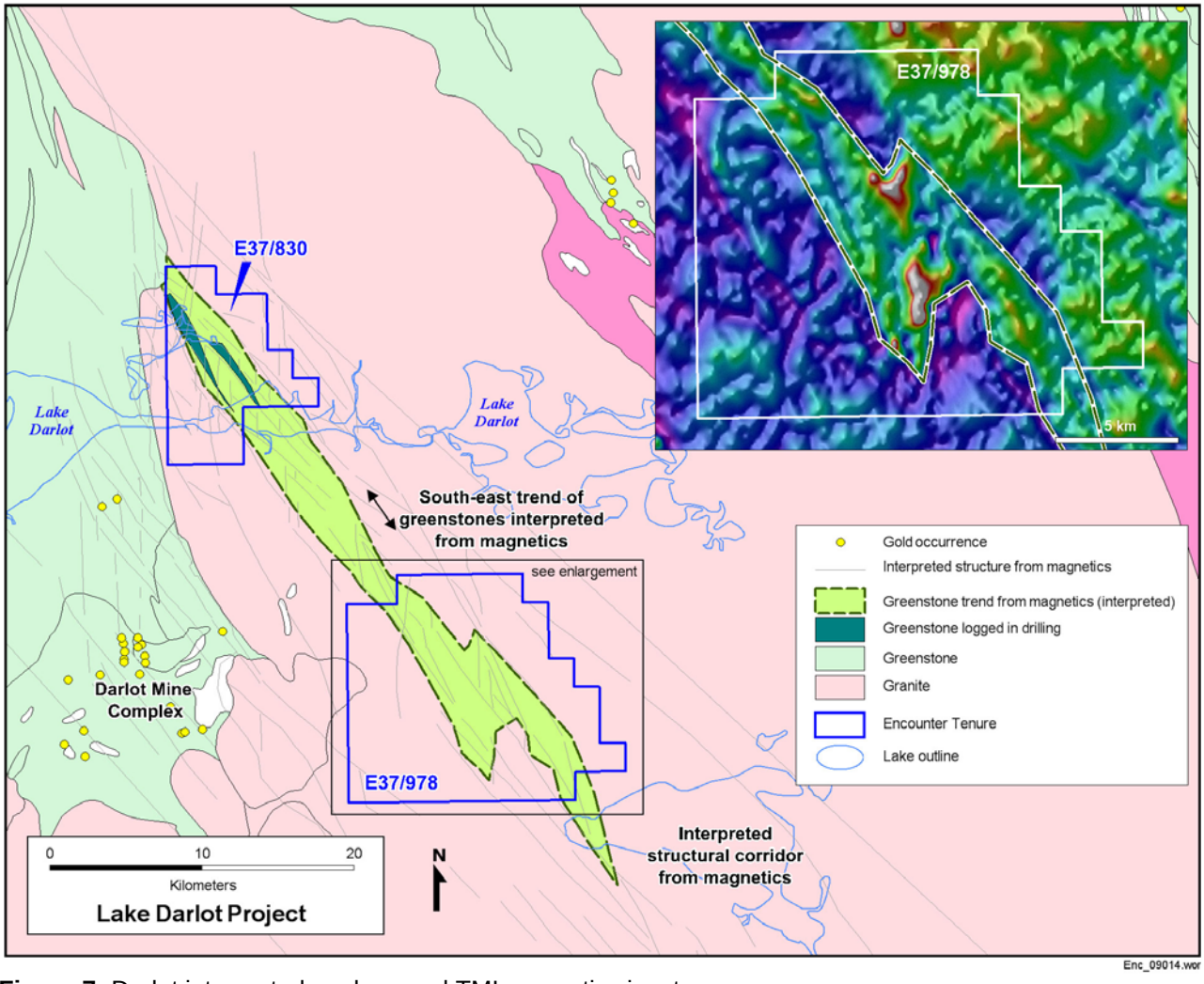

Figure 7: Darlot interpreted geology and TMI magnetics inset

The southern tenement, E37/978, was granted during the quarter. This tenement covers 212km^2 and captures the interpreted southern extension of the new greenstone belt. Interpretation of the geological and structural setting of this area from the airborne magnetics has been completed. It is interpreted that a southerly plunging antiform of greenstone in the centre of the tenement terminates against the NNW trending mineralised corridor intersected to the north.

The interpreted geological setting within E37/978 is considered prospective for gold mineralisation and is similar to that seen at the 4Moz Darlot Gold Mine. Work during the current quarter will focus on identifying evidence of mineralisation through field mapping, rock chip sampling and soil sampling. Pending the results of this reconnaissance program, drill targets will be defined for testing later in 2009.

BANGEMALL BASIN

The drill programs completed in 2008 have provided a greater understanding of the interpreted controls on base metals mineralisation in the Bangemall Basin. As a result of this work the company has acquired a new project in the basin and reduced ground holdings in areas of lower prospectively. This program of tenement rationalisation has results in an overall 50% reduction of tenure in the basin to approximately 1000km^2 (Figure 8).

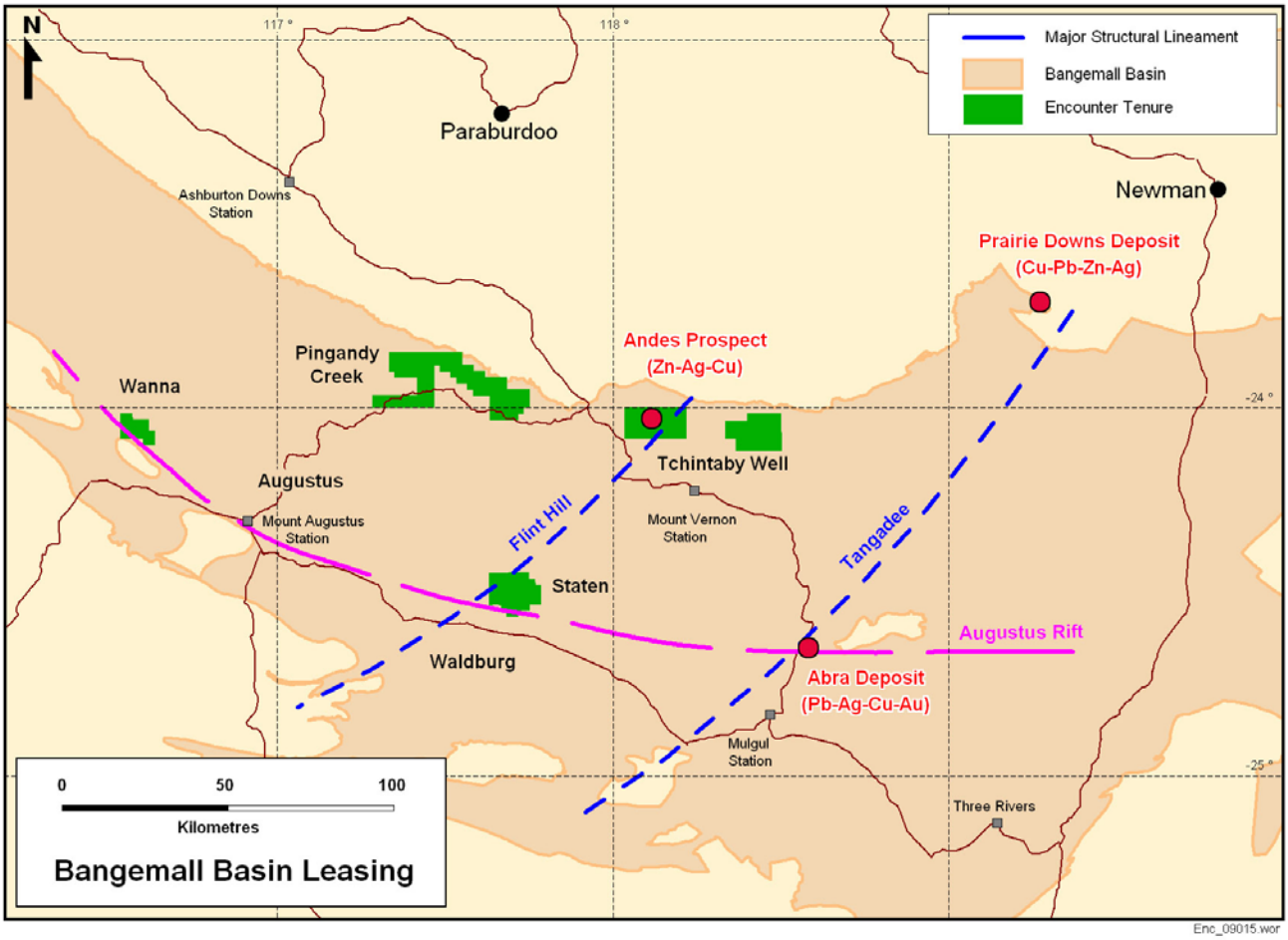

Figure 8: Bangemall Basin Project location map and tenement holding

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

The Tchintaby Well Project covers over 170km^2 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 vertical RC holes was completed in September 2008 at the Andes, Laksa and Rendang prospects (Figure 9).

The drilling program was designed to test a series of bouguer gravity anomalies within the sedimentary package that are interpreted to represent large concentration of sulphidic material and possibility base metal mineralisation. The Laksa gravity anomaly was modelled as a flat lying plate with a 2g/cc (2mgal) excess mass.

The drilling completed by Encounter intersected similar mineralisation grades and thicknesses to that of the previous explorers. The initial assessment of the drill samples indicated that the drilling did not intersect the targeted density anomalies and hence the gravity targets at Laksa and Rendang remain untested. Samples from the various lithologies intersected in the recent drilling have been collected so as to calculate the in-situ density of the individual units. These measurements will then be incorporated into the density models to determine the depth and nature of the excess mass outlined in the ground gravity survey.

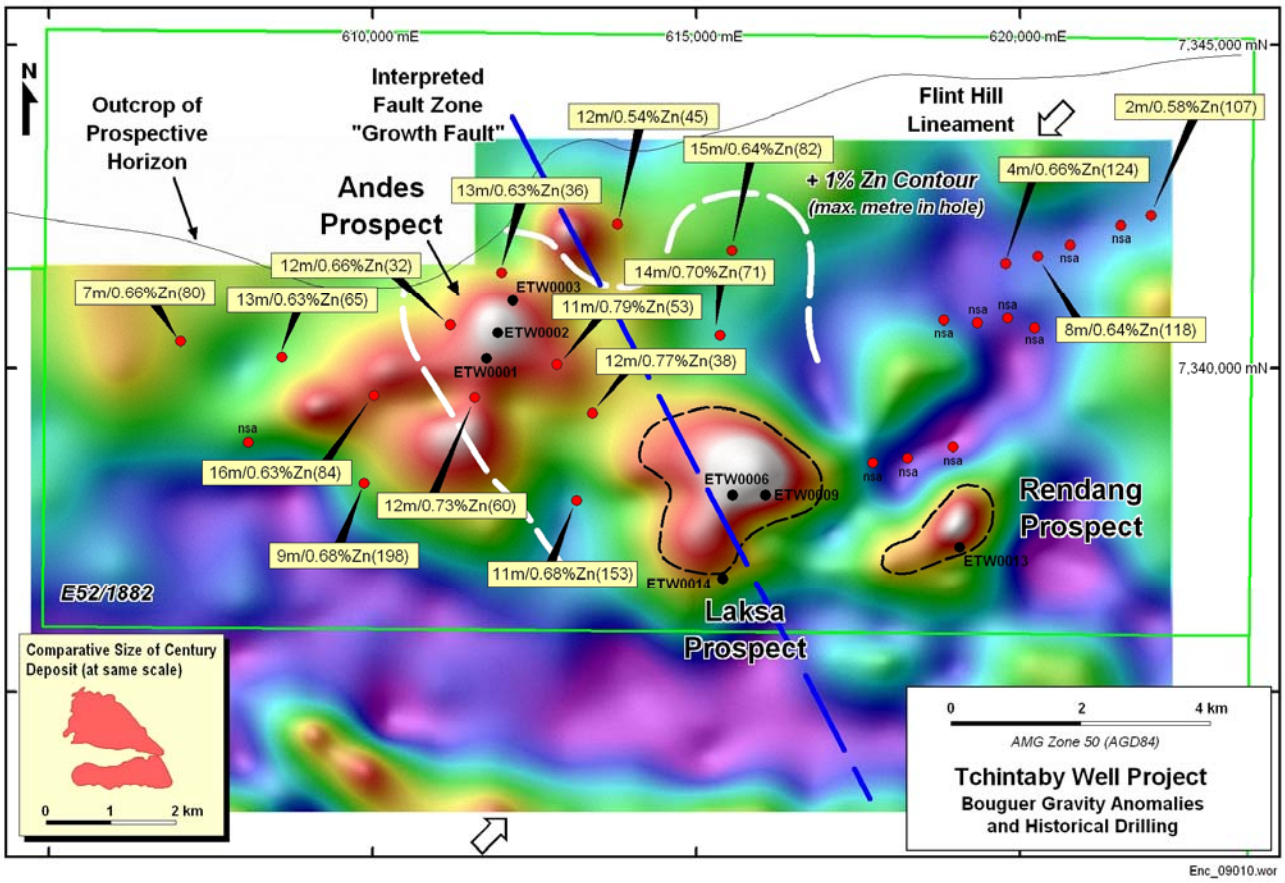

Figure 9: Tchintaby Well – Gravity and drillhole summary

SOUTH WEST REGION

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

The Wongan Hills and Shackleton Projects are located in 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 was completed at both projects during the quarter. The objective of the program was to define the extents of the uranium anomalism and provide focus for future exploration programs. Elevated uranium values at Shackleton were shown to be associated with a region of outcropping uranium rich granites. The level of uranium anomalism in outcrop is not considered significant and no further work is planned at the project.

The additional laterite sampling completed at Wongan Hills has downgraded the gold potential of the project but did confirm a series of uranium anomalies of between 20-50ppm uranium in the laterite. The areas of uranium anomalism will be plotted and mapped to determine their significance.

CORPORATE

The company's cash balance at the end of the quarter was $2.7 million.

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 undertaking 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.

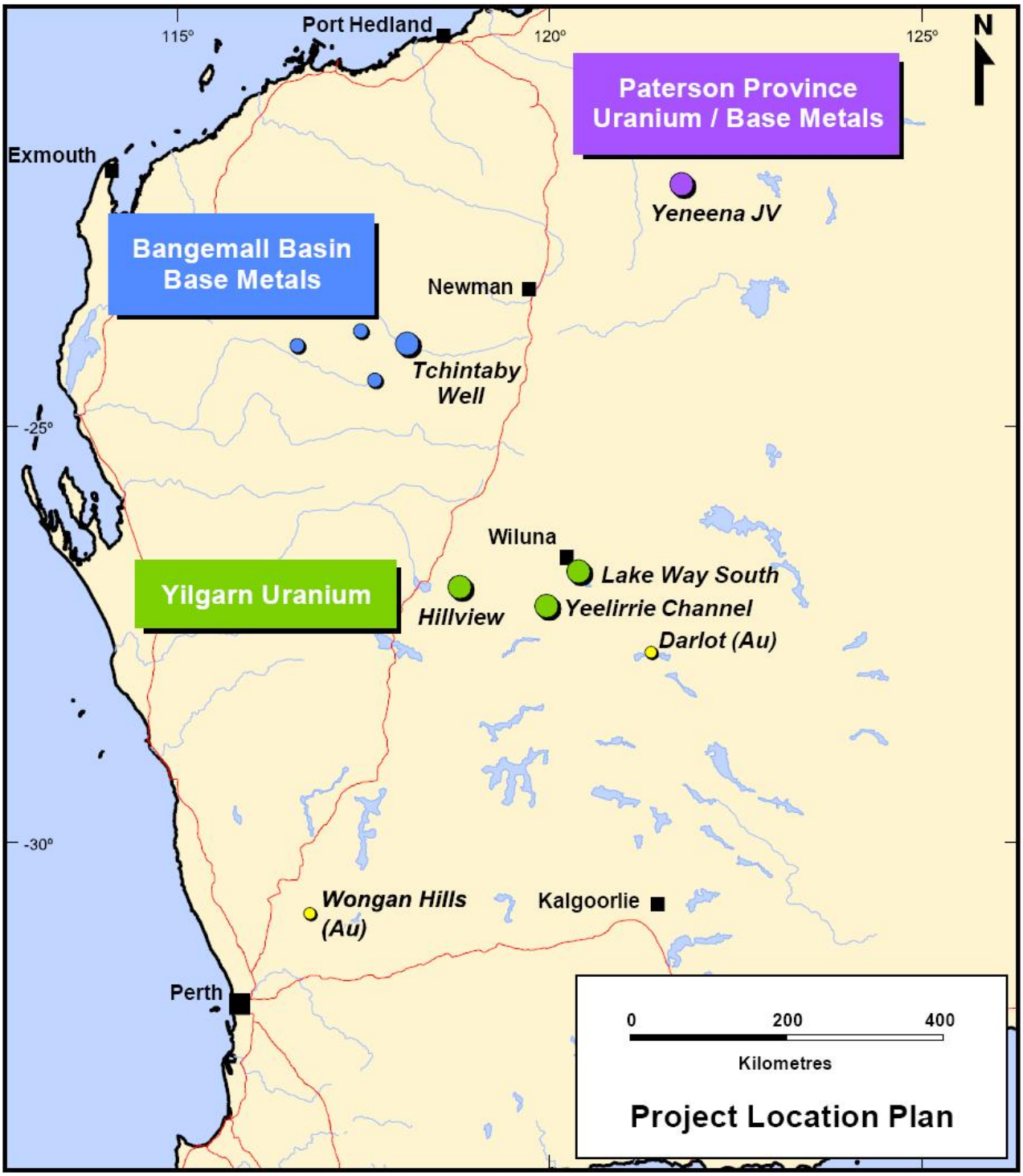

Figure 10: Encounter Resources Project Location Plan

Rule 5.3

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

ABN	Quarter ended ("current quarter")
47 109 815 796	31 March 2009

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(266)	(1,732)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(131)	(387)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	30	165
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(367)	(1,954)
	Cash flows related to investing activities		
1.8	Payment for purchases: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(34)
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)	-	-
	Net investing cash flows	(1)	(34)
1.13	Total operating and investing cash flows (carried forward)	(368)	(1,988)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(368)	(1,988)
	Cash flows related to financing activities		
1.14	Proceeds/(refunds) 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 – capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(368)	(1,988)
1.20	Cash at beginning of quarter/year to date	3,081	4,701
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	2,713	2,713

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	131
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 - Remuneration of Directors.

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

-

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

-

+ 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	450
4.2	Development	-
	Total	**450**

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	152	142
5.2	Deposits at call	2,561	2,939
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	2,713	3,081

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	E09/1296	Relinquished	80%	0%
		E29/587	Relinquished	80%	0%
		E29/674	Relinquished	80%	0%
		E30/299	Relinquished	80%	0%
		E52/2031	Relinquished	80%	0%
6.2	Interests in mining tenements acquired or increased	E37/978	Granted tenement	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	**Preference +securities** *(description)*	-	-		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- -	- -		
7.3	**+Ordinary securities**	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 Escow	- - -	- - -		
7.5	**+Convertible debt securities** (*description)*	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -		
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		100,000	-	20 cents	23/3/2011
		100,000	-	45 cents	15/5/2011
		250,000	-	52.5 cents	7/12/2011
		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
		125,000	-	50 cents	30/11/2012
		325,000	-	30 cents	30/6/2013
		775,000	-	10 cents	28/2/2014
7.8	Issued during quarter	775,000	-	10 cents	28/2/2014
7.9	Exercised during quarter	-	-		

+ See chapter 19 for defined terms.

7.10	Expired during quarter	50,000 25,000 25,000	- - -	57 cents 50 cents 30 cents	6/7/2013 30/11/2012 30/6/2013
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

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: 29 April 2009

(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.