

## HIGHLIGHTS

### Lake Way South.

The southern 1km of the 12km long uranium channel radiometric anomaly that crosses Lake Way has been drill tested. The results have extended the area of known uranium mineralisation at Nova Energy's Centipede uranium at least 150m into the Lake Way JV tenement. March quarter results include:

- ELW005 - 1m @ 312ppm U<sub>3</sub>O<sub>8</sub> from 5m
- ELW012 - 1m @ 224ppm U<sub>3</sub>O<sub>8</sub> from 3m
- ELW002 - 1m @ 147ppm U<sub>3</sub>O<sub>8</sub> from 8m

### Bellah Bore East

Information is currently being compiled in order to complete an Inferred Resource calculation at Bellah Bore East.

### Stone Tank Project (Gascoyne)

Exploration Licence E09/1296 was granted during the quarter. The initial field reconnaissance visit identified surface uranium mineralisation, in the form of carnotite, at two sample locations 2.5 kms apart.

### Regional Auger Geochemical Program

The planned regional reconnaissance auger drilling program commenced during the quarter. Drilling has been completed at McPherson's Bore (E29/587) where a broad zone of radiometrically anomalous calcrete was identified. The samples have been submitted to the laboratory with assays pending.

### Bangemall Basin Unconformity Projects

A review of a recently released airborne geophysical survey by the GSWA has outlined a 7.5km long uranium channel radiometric anomaly at Pingandy Creek. In addition, two new exploration licences were applied for over areas of interest in the east of the Bangemall Basin.

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## EXPLORATION

Encounter now controls a portfolio comprising over 6,000 square kilometres of strategically located and highly prospective uranium projects in Western Australia. The portfolio includes nineteen calcrete style uranium projects located in the Yilgarn, the Gascoyne and the Officer Basin and six projects targeting unconformity style deposits in the Bangemall Basin. Progress in the March quarter is summarised below.

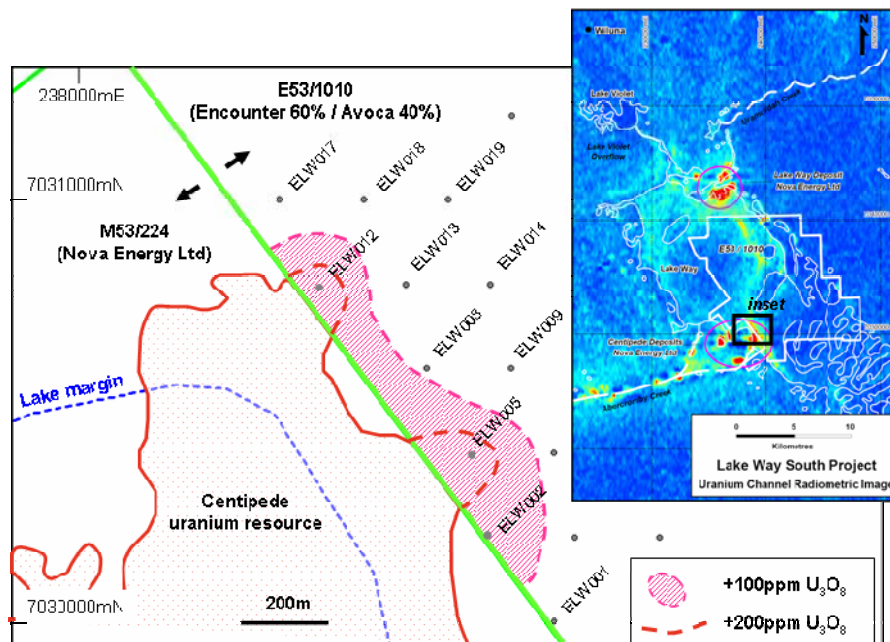
### LAKE WAY SOUTH (Encounter 60%, Avoca 40% of the uranium rights only)

The initial 41 holes of the lake based aircore drill program were completed at the Lake Way South JV. These initial holes were designed to test an area of 1km strike along the interpreted northern extension of Nova Energy's Centipede uranium resource. Nova Energy has announced that it is commencing a pre-feasibility study on the Centipede / Lake Way 9,000t U<sub>3</sub>O<sub>8</sub> inferred resource.

Results from this drilling have extended the area of known mineralisation at Centipede approximately 150m into the Lake Way JV tenement. At a 100ppm U<sub>3</sub>O<sub>8</sub> cutoff the mineralisation extends over 900m along the south western margin of the tenement boundary (see Figure 1). Assays above 100ppm U<sub>3</sub>O<sub>8</sub> are summarised below:

Hole #	Northing	Easting	Dip	Azi	From (m)	To (m)	Width (m)	U <sub>3</sub> O <sub>8</sub> (ppm)
ELW 2	7,030,200	328,950	-90	360	5	6	1	312
ELW 5	7,030,400	238,900	-90	360	8	9	1	147
ELW 12	7,030,800	238,550	-90	360	3	4	1	224

**Figure 1.** Drillhole location map – Lake Way South (South West margin)



The assay results received to date cover the southern 1km of the 12km radiometric anomaly that crosses the Lake Way JV tenement. The lake based aircore drill program was suspended following heavy rain associated with Cyclone George. The program will re-commence in the coming months and will systematically test the remainder of the uranium channel radiometric anomaly that extends across Lake Way within the area of the JV tenement.

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## **YEELIRRIE CHANNEL (80% Encounter, 20% Avoca)**

### **Bellah Bore East (E53/1158)**

Information is currently being compiled in order to complete an Inferred Resource calculation at Bellah Bore East. Detailed survey pick-up will be completed in the coming weeks with the resource estimation process to commence shortly thereafter.

### **Bellah Bore West (E53/1157) and Youno Downs (E53/1156)**

Re-sampling of a number of anomalous 5m composite samples at Youno Downs identified a narrow zone of 2m @ 112ppm uranium within the altered granitic bedrock. A review of the magnetics and radiometrics indicates a potential bedrock target exists to the west and south of the recent drilling. A drilling program will be planned to test this target area.

### **Anomaly 5 (E36/540 & E36/542)**

Drilling over the Geological Survey of Western Australia (GWSA) uranium geochemical anomaly at Yeelirrie South (Anomaly 5) was completed in mid January. The program included a series of traverses across the southern extension of the Yeelirrie Channel and a number of specifically targeted drill sections over Anomaly 5. Results from this drilling defined an area of low level anomalism (<50ppm U<sub>3</sub>O<sub>8</sub>) within a broad zone of elevated vanadium and uranium in the regolith. Additional work in the area will focus on the anomalous trends defined in the broad drilling to determine the potential for satellite occurrences.

## **LEONORA REGIONAL PROJECTS, MELROSE PROJECTS and LAKE RASON PROJECT (80% Encounter, 20% Avoca)**

### **Regional Auger Program**

A program of over 350 auger holes has been designed to test a series of airborne radiometric anomalies within six Yilgarn projects. The aim of this program is to confirm the source of the radiometric anomalism and to provide information that will assist in the future prioritisation of these regional projects.

### **McPherson's Bore (E29/587)**

The auger program at McPherson's Bore was completed during the quarter. A broad zone of radiometrically anomalous calcrete was outlined in the region of the airborne radiometric anomaly that defines the target. Samples have been submitted for analysis and will be reported in the coming quarter.

The regional auger program is continuing with drilling expected at Galah Rocks (E30/299), Walling Rock (E30/300), Irwin (E38/1784) and Darlot (E37/830) during the coming quarter.

## **BANGEMALL BASIN PROJECTS (80% Encounter, 20% Avoca)**

### **Tchintaby Well (E52/1882)**

A program of re-assaying of historical base metals holes was completed during the quarter with over 2,000 samples from 11 RC holes submitted for uranium analysis. The results received confirm that broad low level uranium anomalism is mapping a series of structures that are interpreted to be pathways for uranium rich fluids within the Proterozoic Basin sediments. It is inferred that these fluid pathways maybe used to vector into geologically prospective areas for the formation of Unconformity uranium deposits. A program of surface geophysics is planned to test a series of conceptual targets at Tchintaby Well.

### **Pingandy Creek (ELA 08/1779)**

Preliminary data from the GSWA Ashburton airborne geophysical survey was released during the quarter. The survey covered the northern margin of the Bangemall Basin and included coverage over the Pingandy Creek project (E09/1779). The radiometric data over Pingandy defined a 7.5km long uranium channel anomaly in the east of the project.

### Turkey Creek and Grand Junction (80% Encounter, 20% Avoca)

A review of the recent released radiometrics identified two areas of interest in the eastern Bangemall Basin. Exploration licences covering 191km<sup>2</sup> and 361km<sup>2</sup> were applied for at Turkey Creek (E52/2077) and Grand Junction (E52/2089). The northern 15% of the Turkey Creek application is covered by a competing application which was lodged at the same time as the Encounter application. The overlapping area is likely to be resolved via a ballot.

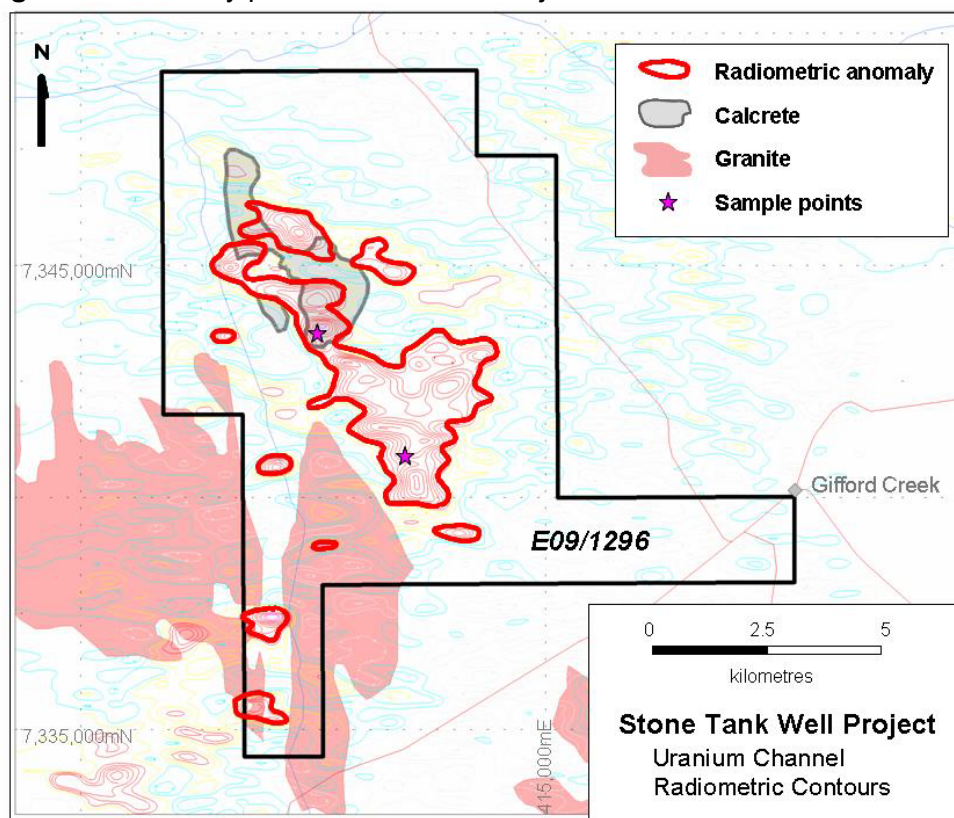
### GASCOYNE PROJECTS (80% Encounter, 20% Avoca)

#### Stone Tank Project (E09/1296)

The Stone Tank Project is located on the northern margin of the Gascoyne Province approximately 265km east of Carnarvon. The project covers a 7km radiometric anomaly with coincident mapped calcrete.

During the initial field reconnaissance visit, surface uranium mineralisation in the form of carnotite, was identified at two sample locations 2.5kms apart (see Figure 2). In addition, it was noted that the calcrete outcrop extends outside the area mapped and appears to extend along the length of the radiometric anomaly.

**Figure 2.** Summary plan – Stone Tank Project



Encounter is very encouraged by the initial field work and will complete a heritage survey of the area before drilling the anomaly.

### OFFICER BASIN PROJECTS (80% Encounter, 20% Avoca)

#### Throssell (E38/1786)

A drilling program has commenced to test the 10km long uranium channel radiometric anomaly at Throssell. Initial field observations identified extensive development of calcrete and calcareous sediment within the interpreted channel, with thicknesses in excess of 30m. Preliminary spectrometer readings of the drill piles indicate only minor radiometric anomalism.

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## MEEKATHARRA PROJECTS (80% Encounter, 20% Avoca)

### Crossland Hill (E51/1096) and Gidgie Bore (E51/1097)

A series of regional rock chip traverses were completed at Crossland Hill and Gidgie Bore during the quarter. These two tenements are located approximately 60kms northwest of Meekatharra within an area of extensive granite and gneissic outcrop. Interpretation of the surface uranium channel radiometrics indicates the area contains a broad zone of metasomatic alteration and elevated uranium anomalism within the two projects. The rock chip samples will be assayed to determine the nature and significance of the radiometric anomalism and to provide a focus to any follow up program.

## CORPORATE

The company's cash balance at the end of the quarter was \$3.0 million.

Subsequent to the end of the quarter, on 2<sup>nd</sup> April 2007 the company announced that it had completed a private placement to raise \$4.3 million before costs through the issue of 8,600,000 ordinary fully paid shares in the Company at a price of A\$0.50 per share.

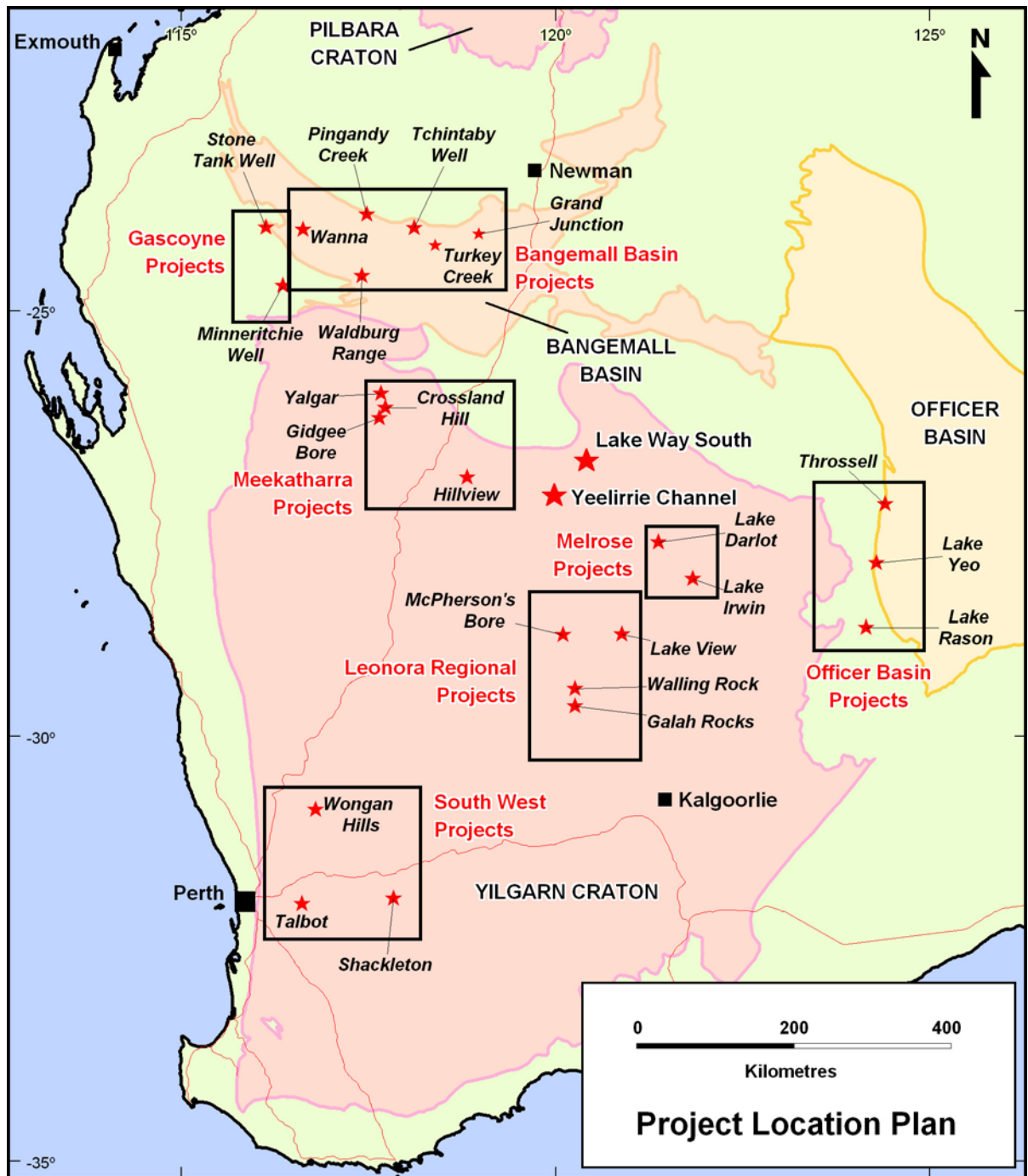


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Will Robinson  
Managing Director

*The information in this report that relates to Exploration Results is based on information compiled by Mr Peter Bewick who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bewick 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.*

**Figure 3. Encounter Resources Project Location Plan**



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# 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

47 109 815 796

Quarter ended ("current quarter")

31<sup>st</sup> March 2007

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 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	(312)	(932)
(b) development	-	-
(c) production	-	-
(d) administration	(118)	(393)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	161
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(393)</b>	<b>(1,164)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4)	(28)
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>(4)</b>	<b>(28)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(397)</b>	<b>(1,192)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(397)	(1,192)
	<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>	(397)	(1,192)
1.20	Cash at beginning of quarter/year to date	3,414	4,209
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	3,017	3,017

**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	105
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	500
4.2 Development	-
<b>Total</b>	<b>500</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	92	16
5.2 Deposits at call	2,925	3,398
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,017</b>	<b>3,414</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	-	-	-	-
6.2 Interests in mining tenements acquired or increased	E09/1296	EL Granted	0%	80%

+ 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>	59,996,900	30,500,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		
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>	100,000 100,000 250,000	- - -	<i>Exercise price</i> 20 cents 45 cents 52.5 cents	<i>Expiry date</i> 23/3/2011 15/5/2011 7/12/2011
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

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7.12	<b>Unsecured notes</b> ( <i>totals only</i> )	-	-
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## 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 April 2007

(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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