

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

### ASX Code

ENR

### Market Cap (30/4/08)

A\$21m (\$0.30/share)

### Issued Capital (30/4/08)

68.5 million ordinary shares  
2.0 million employee options

### Cash (31/3/08)

A\$5.5m

### 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)

Level 1, 46 Parliament Place  
West Perth WA 6005  
P: 08 9486 9455  
F: 08 6210 1578  
contact@enrl.com.au

## HIGHLIGHTS

### URANIUM

*YILGARN PROVINCE - Progressing towards a large scale, near surface uranium resource at Hillview*

#### Hillview

- Assay results from the second phase of drilling increased the area of uranium mineralisation by 80%
- A program of resource infill drilling was completed with results pending
- An initial resource statement is scheduled for release in June 2008

#### Yilgarn Projects

- Reconnaissance aircore drill programs have been completed at the Lake Darlot and Lake Irwin projects, assay results pending
- Drilling is planned at the Yeelirrie Channel and McPherson's Bore Projects in the June quarter

### BASE METALS / URANIUM

*BANGEMALL BASIN - Significant advancement towards defining base metals drill targets in this highly prospective Proterozoic basin*

#### Tchintaby Well

- Discovery of potential 'Growth Fault' adjacent to the Laksa gravity anomaly
- Multiple drill targets defined within large base metals system
- Drilling is scheduled to commence in August 2008

*PATERSON PROVINCE - Joint venture with Barrick Gold over dominant land position in a world class mineral field*

#### Yeneena

- Initial results from drill pulp re-analysis have identified encouraging uranium and base metals anomalism
- Results from the remaining 3500 samples from the re-analysis program will be received in the June quarter

### FINANCIAL

- Strong financial position with \$5.5M in cash reserves at the end of the quarter.

## EXPLORATION

Encounter controls a portfolio comprising 7,000km<sup>2</sup> of strategically located and highly prospective exploration projects in Western Australia. The portfolio includes:

- a suite of calcrete style uranium projects located in the Yilgarn;
- six projects targeting base metals and unconformity style uranium deposits in the Bangemall Basin and;
- an earn in agreement with Barrick Gold of Australia which encompasses a major ground position in the world class Proterozoic Paterson mineral province considered highly prospective for unconformity related uranium mineralisation and base metals.

Progress in the March quarter is summarised below.

## URANIUM

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

The Hillview project is located 50km south east of Meekatharra. Results from the Phase 2 drilling program (T5-T9) have extended the area of known mineralisation a further 2km east and increased the overall surface area at Hillview North from 2.4km<sup>2</sup> to 4.3km<sup>2</sup> (Figure 1).

Better results from Phase 2 include:

- 6m @ 208ppm U<sub>3</sub>O<sub>8</sub> including 2m @ 266ppm U<sub>3</sub>O<sub>8</sub>
- 6m @ 177ppm U<sub>3</sub>O<sub>8</sub> including 2m @ 241ppm U<sub>3</sub>O<sub>8</sub>
- 4m @ 202ppm U<sub>3</sub>O<sub>8</sub>
- 9m @ 196ppm U<sub>3</sub>O<sub>8</sub> including 3m @ 265ppm U<sub>3</sub>O<sub>8</sub>

The company has engaged ANSTO (Australian Nuclear Science Technology Organisation) to complete initial metallurgical testing on a bulk sample to determine potential leach amenability of the uranium mineralisation.

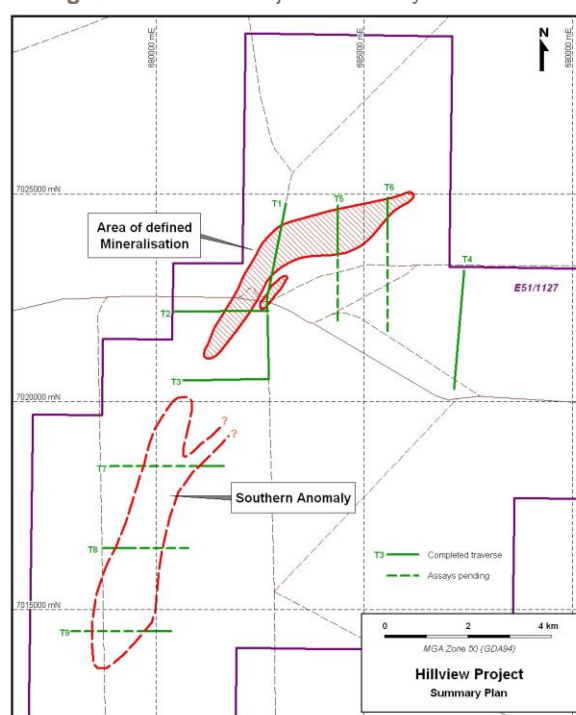
A third phase of aircore drilling commenced in the March quarter and has been completed. An additional 14 traverses were drilled in the area between T3 and the eastern lease boundary, 1.2km east of T6, to bring drill spacing down to approximately 400m by 100m spacing. This level of drilling will provide sufficient information to facilitate a resource calculation at Hillview.

Coffey Mining has been engaged to assist in the resource calculation process which is due to be completed in June 2008.

### YEELIRRIE CHANNEL – ALTONA GAP (E36/541) - Encounter 80%, Avoca 20%

An aircore drill program has commenced at the Altona Gap within the Yeelirrie Channel Project. The drill program will deepen a previous drilled section that stopped short of the calcrete horizon.

Figure 1. Hillview Project Summary Plan





### **STONE TANK (E09/1296) - 80% Encounter, 20% Avoca**

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

Assay result received from the recent drilling indicates the uranium enrichment is limited to area of silicified calcrete outcrop and no significant anomalism was intersected at depth. Minor Rare Earth Element anomalism was noted but the results are not considered to be significant.

### **YALGAR (E51/1137) - 80% Encounter, 20% Avoca**

The Yalgar Project is located 120kms north west of Meekatharra within the upper reaches of the Murchinson River drainage system. The project was pegged over a uranium channel airborne radiometric anomaly in an area of sheetwash sediments.

Drilling has defined a broad calcareous horizon containing several moderately anomalous regions up to 4m @ 91ppm  $U_3O_8$  from 2m. The review of the drilling information will focus on determining if the potential exists for higher grade uranium concentrations between the existing 8km spaced drill traverses.

### **McPHERSON'S BORE (E29/587) - 80% Encounter, 20% Avoca**

The McPherson's Bore Project is located 120km west of Leonora. An aircore drill program completed in the September quarter defined near surface uranium mineralisation hosted in lake clays and extending over 1.7 kms of strike. Results included 1m @ 448ppm  $U_3O_8$  from surface and 1m @ 283ppm  $U_3O_8$  from surface.

The program of shallow trenching and follow up drilling is on track for completion in the coming quarter.

### **SOUTH WEST PROJECTS (E70/2956 to E70/2958) - 80% Encounter, 20% Avoca**

Work has commenced at the Wongan Hills and Shackleton projects that are located within the wheatbelt of WA. 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 has been completed in order to locate higher grade, discrete zones of uranium geochemical anomalism. The infill sampling was completed at 500m spacing along public roads and tracks. In addition rock chip sampling of granitic outcrops was completed.

In total 408 laterite and rock chip samples have been submitted for multi-element analysis including gold. Areas of geochemical anomalism will be followed up with further infill surface sampling, ground geophysics or drilling.



## BASE METALS / URANIUM

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

Drilling in the mid 1990s by CRA Exploration intersected an extensive area of low grade Zn-Cu-Ag mineralisation extending laterally over an area 8km by 5km. A total of 29 holes were drilled by CRA tracing the mineralised horizon to a maximum depth of 200m below surface with the shoot remaining open to the south. Typical holes within the mineralised area returned intersections of 10-15m thickness, grading 0.5-1% Zn, 500-1000ppm Cu and 5-15g/t Ag.

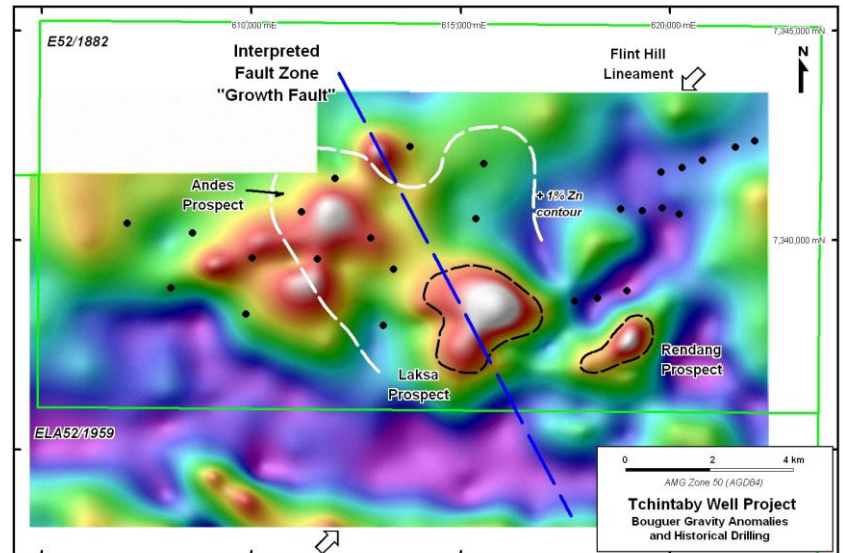
A field trip to the area in April focused on the Laksa and Rendang gravity anomalies located downplunge of the broad spaced drilling completed by CRA. The surface outcrop over the anomalies

is predominately quartzites and shale. A broad outcrop of brecciated sediments (Figure 3) was discovered across the south west margin of the Laksa anomaly that appeared to trend in a NNW orientation, similar to the interpreted Fault Zone shown on Figure 2.

**Figure 3.** Tchintaby Well – Outcropping Sedimentary Breccia (Laksa Anomaly)



**Figure 2.** Tchintaby Well – Historical drill collar on 1vd bouguer gravity

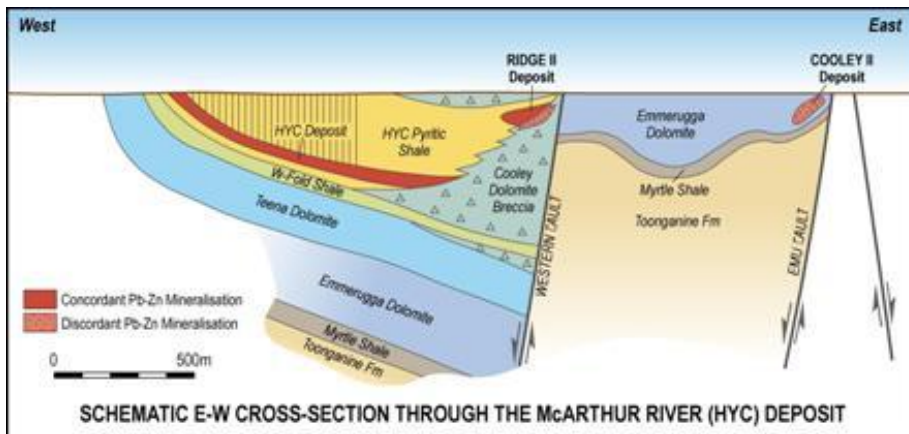


It is interpreted that the area of the sedimentary breccia may represent the proximal location of a syn-sedimentary 'Growth Fault' which is a key ingredient in the SEDEX deposit model (Figure 4).

The discovery of this potential 'Growth Fault' adjacent to a large scale, flat-lying, excess mass anomaly at Laksa is highly encouraging. The geological, geochemical and geophysical information strongly supports the company's view that this region is highly prospective for SEDEX Base Metals deposits similar to the Century and McArthur River Deposits in Eastern Australia.



Figure 4. McArthur River HYC Deposit Model after Williams 1984



A field mapping program will be completed in the coming quarter to map out the extent of the brecciated sediments and search for possible metal leakage mineralisation in a position similar to that of the Ridge II deposit at McArthur River. A drill program is scheduled to commence in August 2008 following the completion of a heritage survey.

## PINGANDY CREEK

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

The Pingandy Creek Project encompasses a regional GSWA base metals and uranium stream sediment anomaly. A series of shallow drill holes were completed by Pasminco in the 1990s that extend over 30km of strike. The drilling intersected a sphalerite and chalcopyrite mineralised sequence at the base of the Jillawarra Formation and returned up to 3m @ 1.25% Zn in PBZ5 (including 1m @ 2.88% Zn). A ground gravity survey is planned for the June quarter that will cover a 12.5km segment of the mineralised horizon downplunge of the most intense base metal mineralisation.

Reports detailing the results from a hyperspectral mapping and interpretation analysis program completed over the Pingandy project and the Ranger, Narbelek and Rum Jungle unconformity uranium deposits in the Northern Territory (NT) have been received. Hyperspectral imaging utilises multi channel spectral mapping to identify mineral and alteration assemblages that can be used to define areas of mineral prospectivity.

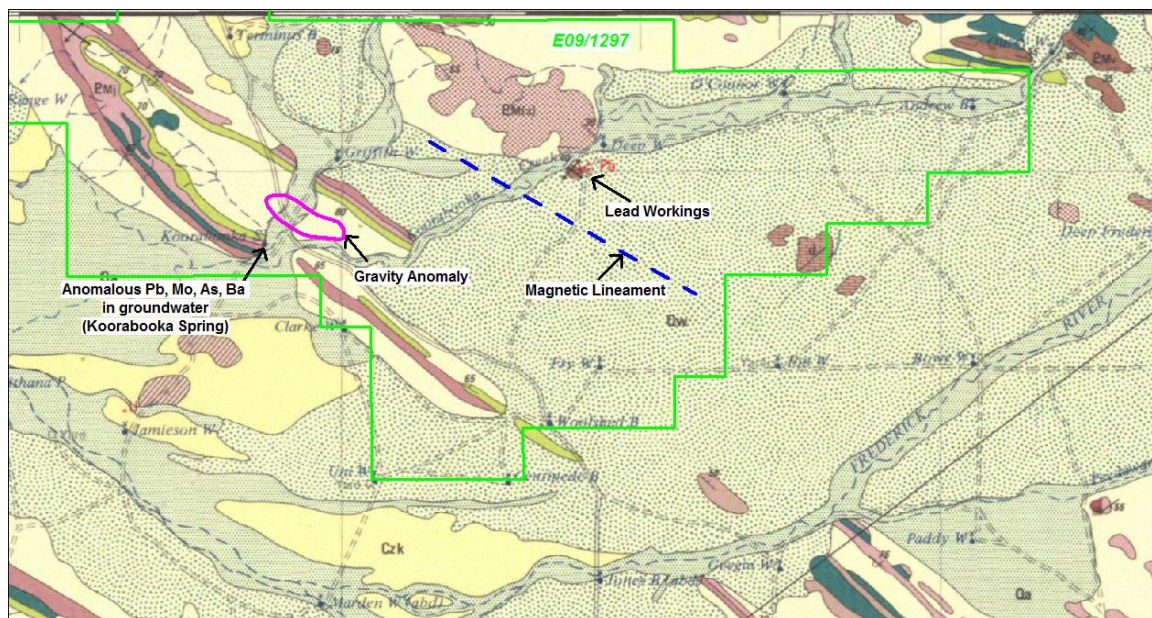
The survey data from the NT was heavily affected by transported cover and therefore was only partially effective at defining the deposit scale alteration halos. The case studies identified a series of mineral assemblages that appear to map out segments of the prospect scale alteration haloes to these mineral deposits. These results were then applied to the Pingandy Creek area where the region of highest uranium channel radiometric anomalism was highlighted as having a zone of alteration similar to that surrounding the NT uranium deposits.

A field trip to the Pingandy project has been completed and a series of samples were taken to validate the hyperspectral analysis. The areas sampled are considered prospective for both uranium and base metals.

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

The Wanna Project is located on the southern margin of the Bangemall Basin, approximately 40kms WNW of Mt Augustus. A ground gravity survey was completed at the project in March and was designed to test an area of anomalous groundwater geochemistry surrounding the Koorabooka Spring as well as along a WNW trending magnetic lineament where a series of outcropping lead occurrences within dolomitic rocks have been identified (Figure 5).

Figure 5. Wanna – Geophysical and Geochemical Summary Map



The results of the survey were very encouraging with a discrete bouguer gravity anomaly defined immediately upstream of Koorabooka Spring. Further geophysical modelling will be completed in the coming quarter with a ground geophysical survey planned in the coming months.

## 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. The existing geological interpretation of the area infers exclusively gneissic and granitic lithologies in the central region of the tenement where an extensive NNW trending structure is interpreted to 'horsetail' as it flexes through a granitic intrusion.

An aircore drilling program was completed to the north of the lake following the NNW structural corridor. An attenuated belt of greenstone lithologies including basalts, dolerites and felsic volcanic rock were traced in this drilling over a 7km strike in an area of extensive lake sediment cover. Zones of pyrite, haematite and sericite alteration were also noted within the drilling. All holes have now been logged and submitted for assay.

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

The Lake Irwin Project is located 95 km north east of Leonora. Results from the first phase of auger drilling included Zn and Cu anomalism within the lake sediments of up to 1.7m at 485ppm Zn and 405ppm Cu at the bottom of a 3.2m auger hole. In addition, a 400m wide gold anomaly of over 10ppb Au in windblown sands and lake sediments was identified along the northern most section of drilling.



An aircore drill program has been completed to test the northern extension of the auger anomalies identified. Results from this drilling will be available in the coming quarter.

### GIDGIE BORE (E51/1096) - 80% Encounter, 20% Avoca

The Gidgie Bore project is located approximately 60kms north west of Meekatharra. The geology of the area consists of extensive granitic and gneissic outcrop with minor greenstone in the south. An area of elevated Pb, Zn and anomalous Ag (up to 10ppm) was defined within a rock chip program across 2km spaced sample lines. A detailed Maglag sampling program has commenced over the area to define a focus of the base metal anomalism.

### 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.

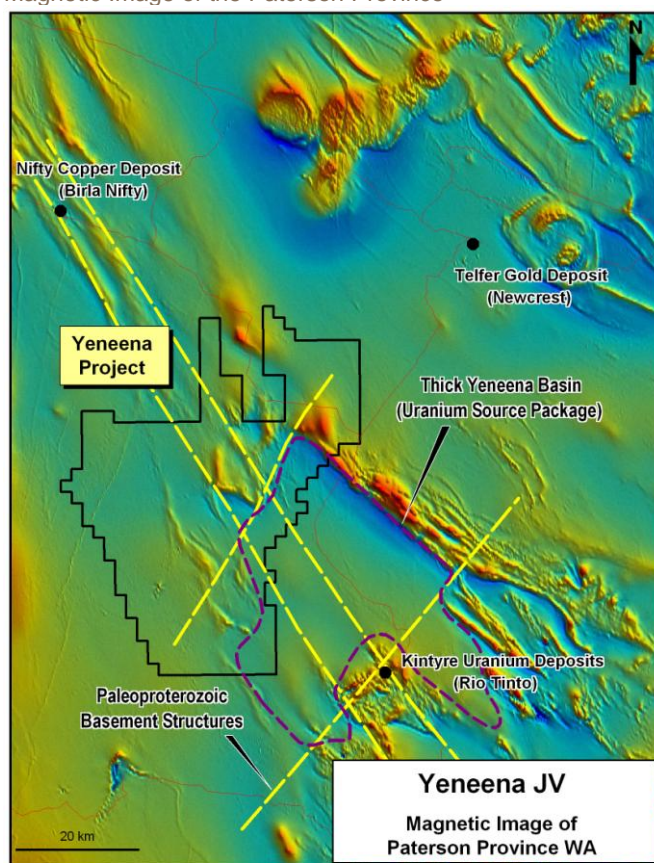
The project area captures the northern margin of an area of anomalously thick Yeneena Group sedimentary rocks. This margin replicates the geological setting seen on the southern margin 40kms to the south, where the Kintyre uranium deposits are located (Figure 6).

Over 5400 drill samples from 235 aircore and RC drill holes have been submitted for multi-element analysis. The suite of elements to be analysed will be used to define areas of base metal and uranium regolith anomalism. These anomalies will be targeted for ground geophysical follow up.

To date approximately one third of the results have been received with the remaining results expected to be received in May 2008. The results received so far have been from various locations within the project area. The results include base metal and uranium anomalism one to two orders of magnitude above background. Assessment and interpretation of the results will be completed once all assays results have been received.

In addition, a program of end-of-hole hyperspectral logging was completed utilising the aircore and RC chip trays provided by Barrick. The results of the hyperspectral logging will be used in conjunction with the multi-element analysis to assist in prospect prioritisation.

Figure 6. Yeneena JV  
Magnetic Image of the Paterson Province



## DIAMONDS

### LAKEVIEW (E29/577) - 80% Encounter, 20% Avoca

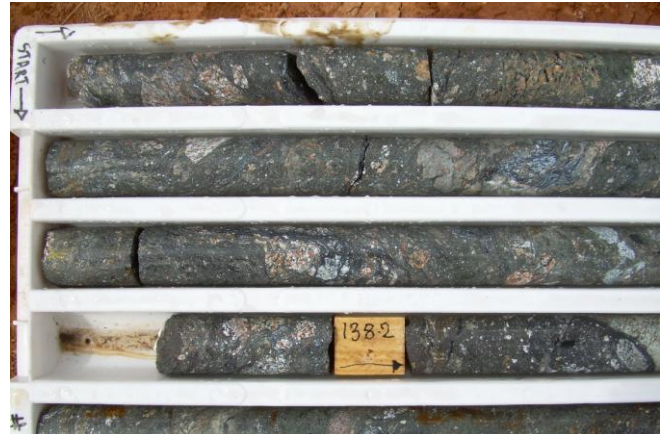
During the quarter a single diamond drill hole (ELV 71) was completed at the Lakeview project targeting one of two sub-vertical pipe like intrusions on the margin of Lake Raeside. Drilling successfully intersected a volcanic breccia with Kimberlitic affinities (Figure 7).

Four core samples from this hole were submitted for heavy mineral separation and micro diamond analysis as well as petrological description and trace element analysis.

Results from the mineral separation and micro diamond analysis did not recover micro diamonds.

Results of trace element geochemistry and the petrology report are pending. Once these final reports are received an assessment will be made on the future activity at the Lakeview project.

Figure 7. Lakeview – Volcanic Breccia ELV 71



## CORPORATE

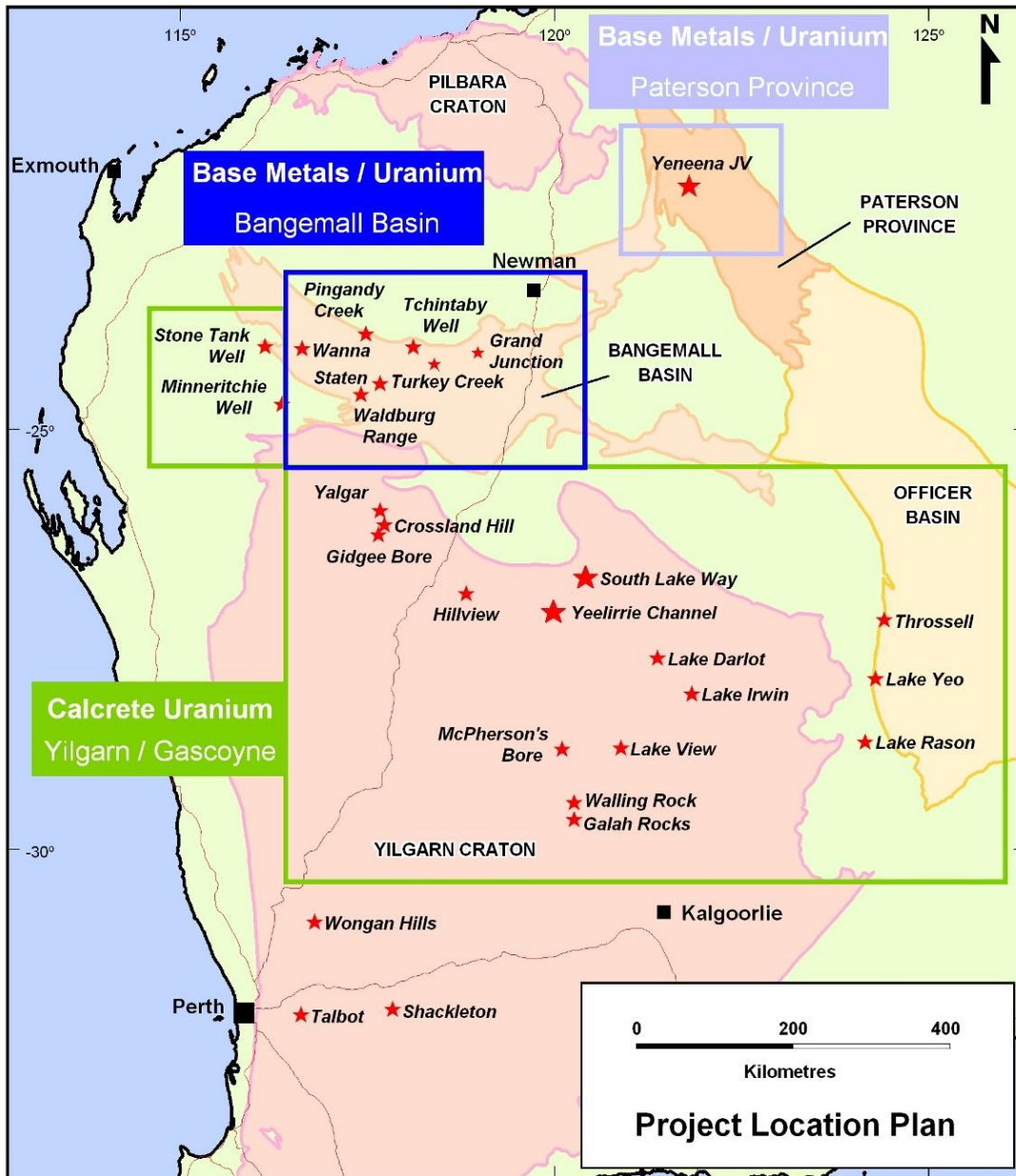
The company's cash balance at the end of the quarter was \$5.5 million.

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.*



Figure 8. 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 March 2008

### 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	(345)	(1,250)
(b) development	-	-
(c) production	-	-
(d) administration	(125)	(354)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	113	319
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(357)</b>	<b>(1,285)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(15)
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>(3)</b>	<b>(15)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(360)</b>	<b>(1,300)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(360)	(1,300)
	<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>	(360)	(1,300)
1.20	Cash at beginning of quarter/year to date	5,835	6,775
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	5,475	5,475

### 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	134
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	600
4.2 Development	-
<b>Total</b>	<b>600</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	432	224
5.2 Deposits at call	5,043	5,611
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>5,475</b>	<b>5,835</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	-	-	-

+ 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	-	29,496,900		
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
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		

+ See chapter 19 for defined terms.

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 April 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.