

ASX : ENR

9th July 2007

Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Initial drill program at Hillview (Amended)

The directors of Encounter Resources Ltd are pleased to announce that drilling has commenced at the company's Hillview project (E51/1127 - Encounter 80%, Avoca Resources Ltd 20%).

The Hillview project is located 50km south east of Meekatharra. Historical uranium exploration at Hillview, by Western Mining Corporation in the 1970's, identified a 15km long zone of near surface uranium mineralisation. Historical drill sections were between 1.6kms and 2kms apart with holes intersecting between 100-300ppm eU₃O₈* on every traverse within the defined 15km trend. The initial 80 hole aircore program to be drilled by Encounter Resources will involve a series of drill traverses along existing station tracks.

McPherson's Bore

The aircore drill program at the McPherson's Bore project (ASX announcement 13 June 2007) has been completed, the final batch of samples have been submitted for assay with results expected before the end of the month.

For further information please contact:

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** Historical uranium mineralisation grades are annotated with a sub-prefix 'e' because they have been reported as uranium equivalent grades derived from down-hole gamma ray logging results and should be regarded as approximations only. Gamma logging or "total count gamma logging" (the method used by Western Mining Corporation Limited at Hillview) is a common method used to estimate uranium grade where the radiation contribution from thorium and potassium is very small. Sandstone and calcrete hosted deposits are usually of this type. Gamma logging does not account for energy derived from thorium and potassium (as does spectral gamma logging) and thus the result is expressed as an equivalent value or eU308.*

The gamma radiation from potassium, uranium and thorium is dominated by gamma rays at specific energy levels. These energy levels are sufficiently well separated such that they can be measured independently of each other. They are typically measured as narrow energy bands that contain the specific energy levels. Bands are used because the measuring systems do not have the resolution to target a specific energy wavelength. There is some scattering of higher energy gamma radiation, e.g. thorium, into lower energy radiation, e.g. uranium and potassium. This scattered radiation can be calculated from suitable calibration procedures and removed from the lower energy level measurements. This method is commonly termed spectral gamma logging.

The downhole gamma logging system used by Western Mining Corporation Limited on this project was the ELMAC 2000.

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.