

ASX : ENR

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Company Announcements Office
Australian Securities Exchange
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Sydney NSW 2000

10 Million Pound Uranium Resource at Hillview

- **Initial Inferred Resource of 27.6 million tonnes, averaging 174ppm U₃O₈ for a contained U₃O₈ content of approximately 10.6 million pounds (100ppm cut off)**
- **Entire uranium resource is within 15 metres of surface**
- **Consistent body of mineralisation with minimal internal dilution**

The directors of Encounter Resources Ltd are pleased to announce an initial Inferred Resource at the Hillview uranium project (E51/1127 - Encounter 80%, Avoca Resources Ltd 20%) located 50kms south east of Meekatharra.

Coffey Mining, independent consultants engaged by Encounter, have estimated an Inferred Resource above a 100ppm U₃O₈ lower cut off at Hillview of 27.6 million tonnes, averaging 174ppm U₃O₈ for a contained 10.6 million pounds of U₃O₈ (or approximately 4,800 tonnes contained U₃O₈) (see Table 1). The Inferred Resource is reported in accordance with the JORC Code (2004) and guidelines.

“Encounter completed its first drill program at the Hillview project in July 2007. Within 12 months of this initial drilling Encounter has reported an Inferred Resource at Hillview. This rapid project advancement is a credit to the project team and is consistent with the company’s aggressive approach to advancing its uranium and base metals assets in WA,” said Managing Director Will Robinson.

The main mineralised zone at Hillview is 7km long by 1.4km wide with an average thickness of 3.15m (Figures 1 and 2). The Hillview resource is a flat lying, consistent body of near surface uranium mineralisation with minimal internal dilution. The resource area has been aircore drilled on a nominal 400m by 100m spacing. In total 133 vertical aircore holes have been used in the actual resource calculation.

Table 1. Hillview Uranium Deposit - Inferred Resource Estimate

Hillview Uranium Project, Western Australia Inferred Resource Estimate Reported Above a 100ppm and 150ppm U ₃ O ₈ Lower Cut Off Reported Using a Bulk Density of 2.0 t/m ³ 2D Ordinary Kriged Estimate Using Length x Grade and Length as Service Variables Parent Cell Dimensions of 100m NS by 200m EW by 32m RL			
Zone	Tonnage (Mt)	Grade (U ₃ O ₈ ppm)	Contained Metal U ₃ O ₈ (M lb)
100ppm U₃O₈ Lower Cut Off			
1	21.6	182	8.7
2	1.6	147	0.5
11	4.4	146	1.4
Total	27.6	174	10.6
150ppm U₃O₈ Lower Cut Off			
1	20.6	184	8.3
2	0.6	168	0.2
11	1.5	153	0.5
Total	22.7	181	9.0
<i>Note: Figures have been rounded</i>			

Table 1 shows the Inferred Mineral Resource estimates at 100ppm and 150ppm U₃O₈ cut off grades. Contained Metal U₃O₈ is based on contained metal in the ground and does not consider any mining, metallurgical or economic parameters at this stage.

The mineralisation zone interpretation was constructed based upon the logged calcrete/silcrete horizon and a nominal 100ppm U₃O₈ grade shell. Two main intervals were defined (Zones 1 and 2) along with a distinct lower grade sub-division of Zone 1 (Zone 11).

The resource has been estimated using both chemical ICP-MS (ICP) and downhole gamma logging. A statistical analysis of the 42 holes that had both ICP and gamma assays, indicated that the gamma assays were under-calling the grade of the mineralised intervals by 20% with respect to the ICP analysis. A possible explanation for this is that the 'young' uranium mineralisation is affected by radioactive disequilibrium. Based on the statistical study of the ICP and gamma data, it was decided to factor the gamma assays up by 20% for use in the resource estimation.

Statistical analyses on the accumulated composites (grade times width) were completed and outliers reduced where appropriate. Variography and search neighbourhood analysis were also conducted as input into the grade estimation.

The grade estimation method used was Block Ordinary Kriging. Both the accumulated metal and accumulated width were interpolated followed by back calculation of U₃O₈ grade. The kriging was executed in 2D in estimation panels of 100 by 200m, using a maximum of 6 data points, and a maximum search distance of 400m for the first pass and 600m for the second pass.

A dry in-situ bulk density of $2t/m^3$ was used for the tonnage calculation and was based upon the density measurements of surface samples taken at Hillview and a comparison of similar calcrete hosted deposits.

Initial metallurgical testwork on a composite sample is being completed to provide an indication of the potential leach amenability of the uranium mineralisation.

Figure 1. Hillview Uranium Deposit - Drilling Location and Mineralised Zones

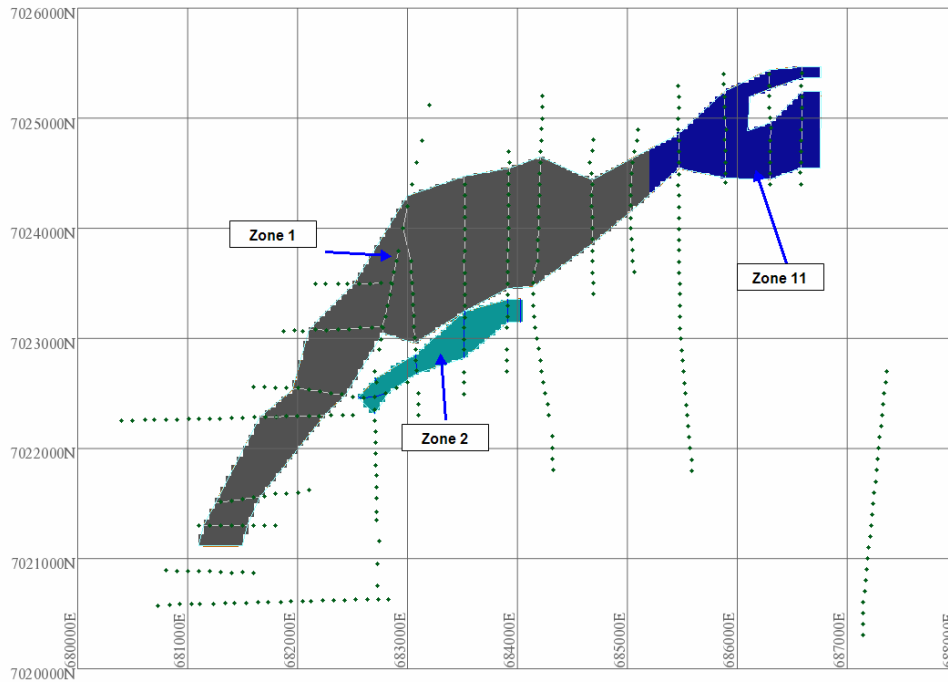
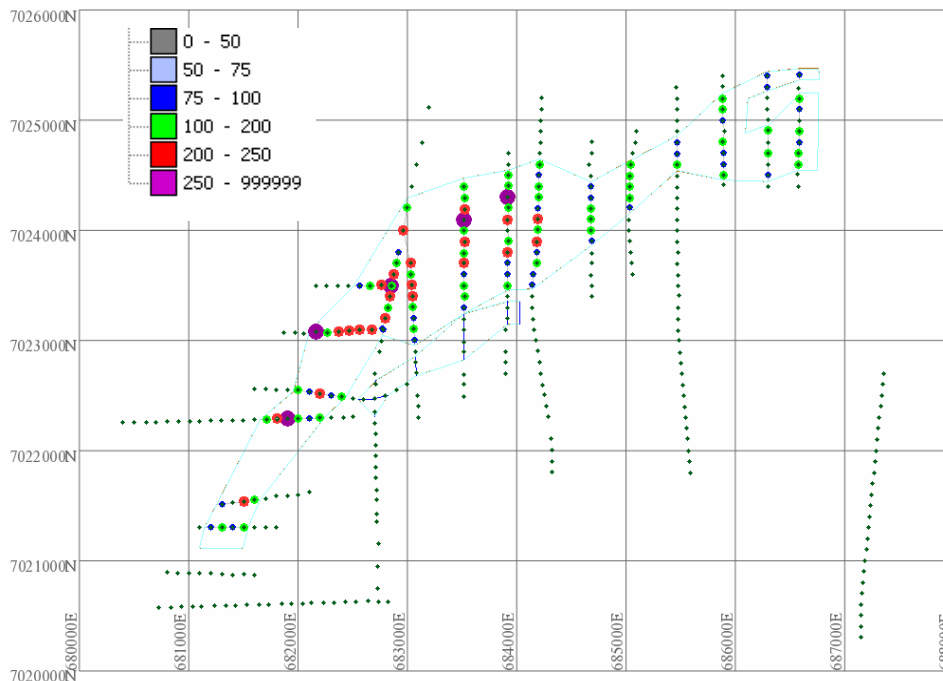


Figure 2. Hillview Uranium Deposit - Average Grade of Intercepts in the Resource



For further information please contact:

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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 (Encounter) 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'.

The Mineral Resource 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".

The information in this report that relates to gamma uranium grades is based on information compiled by David Wilson BSc MSc MAusIMM from 3D Exploration Ltd based in Western Australia.

Holes were logged with an Auslog A75 total count gamma tool. The gamma tool was calibrated in Adelaide at the Department of Water, Land and Biodiversity Conservation in calibration pits constructed under the supervision of the CSIRO. These calibration pits have been shown to provide calibration standards for drill hole logging tools that are comparable to those at the DOE facility in Grand Junction, Colorado USA. The gamma tool measures the total gamma ray flux in the drill hole. Readings were averaged over 2 centimetre intervals and the reading and depth recorded on a portable computer. The gamma ray readings were then converted to equivalent U_3O_8 readings by using the calibration factors derived in the Adelaide calibration pits. These factors also take into account differences in hole size and water content.

The gamma radiation used to calculate the equivalent U_3O_8 is predominately from the daughter products in the uranium decay chain. When a deposit is in equilibrium, the measurement of the gamma radiation from the daughter products is representative of the uranium present. It takes approximately 2.4M years for the uranium decay series to reach equilibrium. Thus, it is possible that these daughter products, such as radium, may have moved away from the uranium or not yet have achieved equilibrium if the deposit is younger than 2.4M years. In these cases the measured gamma radiation will over or under estimate the amount of uranium present. At Hillview, the calculated U_3O_8 from the measured gamma radiation appears to be under reporting, by 20%, the true grades when compared to the ICP assays from 42 holes. Further studies on this apparent disequilibrium are being conducted.

Mr. Wilson is a full-time employee of 3D Exploration Pty Ltd, a consultant to Encounter Resources Limited. Mr. Wilson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Messrs Wilson, 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.