

ASX : ENR

5th October 2007

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

Additional near surface uranium at Hillview

- **Further assay results extend the area of thick, near surface uranium mineralisation**
- **Intersections include:**
 - 10m at 209ppm U_3O_8 from surface including 6m at 270ppm U_3O_8
 - 4m at 287ppm U_3O_8 from 6m including 3m at 324ppm U_3O_8
 - 7m at 170ppm U_3O_8 from 3m including 1m at 259ppm U_3O_8
- **Further drilling planned for the December quarter**

The directors of Encounter Resources Ltd are pleased to announce that further assays from the initial drill program at Hillview have extended the area of near surface uranium mineralisation (E51/1127 - Encounter 80%, Avoca Resources Ltd 20%).

"These results indicate that Hillview has the potential to host a large tonnage near surface uranium deposit. The anomaly is 15km long with only a small part tested. The mineralisation is over a large area, it is consistent, thick and very near surface which suggests that the deposit may be a future low cost mining opportunity" said Managing Director, Will Robinson.

In July 2007, three drill traverses were completed across the main drainage target at Hillview. Assays from drill Traverse 1 across the main drainage target at Hillview were reported previously (ASX announcement 23 August 2007) and included:

- 5 metres at 210ppm U_3O_8 including 1 metre at 341ppm U_3O_8
- 4 metres at 241ppm U_3O_8 including 2 metres at 306ppm U_3O_8
- 4 metres at 220ppm U_3O_8 including 2 metres at 294ppm U_3O_8
- 5 metres at 221ppm U_3O_8

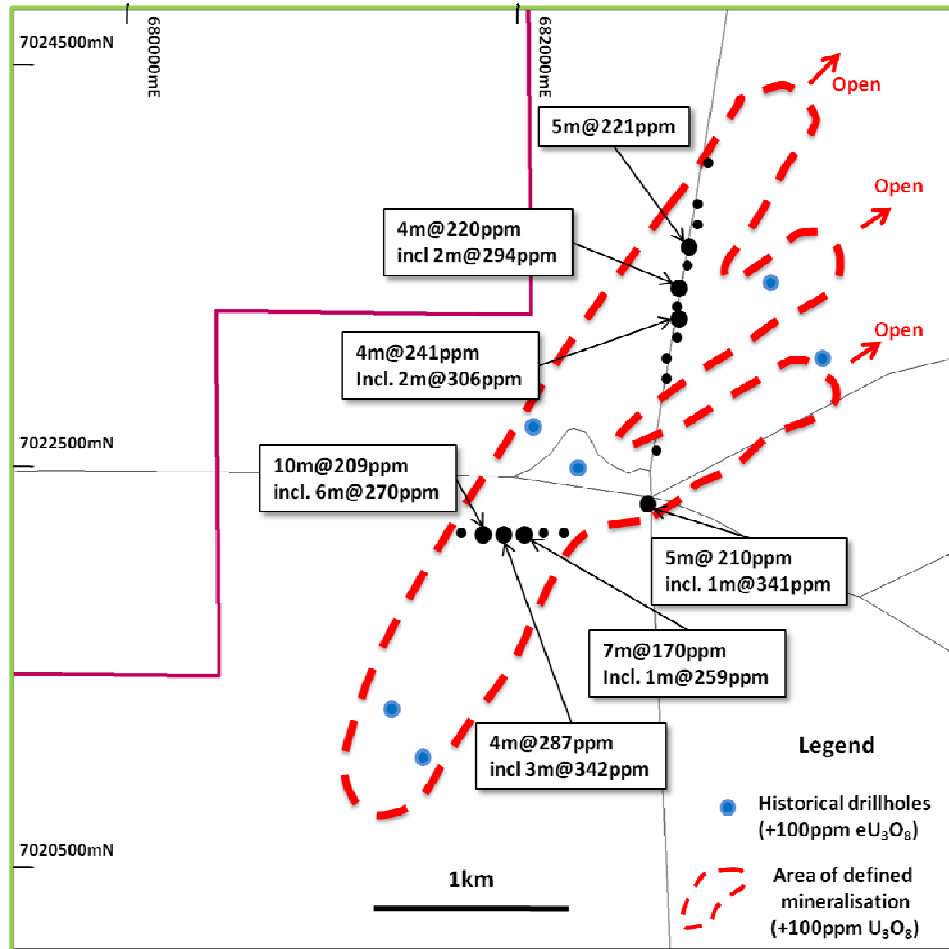
The second drill traverse across the main drainage target has identified a continuous 600m wide section of mineralisation downstream of the first north-south drill traverse (See Figure 1). These results confirm the lateral continuity of the uranium mineralisation and validate the significance of the historical anomaly.

Results from Traverse 2 include;

- 10 metres at 209ppm U_3O_8 from surface including 6 metres at 270ppm U_3O_8
- 4 metres at 287ppm U_3O_8 from 6m including 3 metres at 324ppm U_3O_8
- 7 metres at 170ppm U_3O_8 from 3m including 1 metre at 259ppm U_3O_8

The near surface mineralisation defined in the initial drill program is interpreted to be in excess of 3km long and up to 1km wide. Mineralisation was typically within 10 metres of surface with intersections of up to 10m thick.

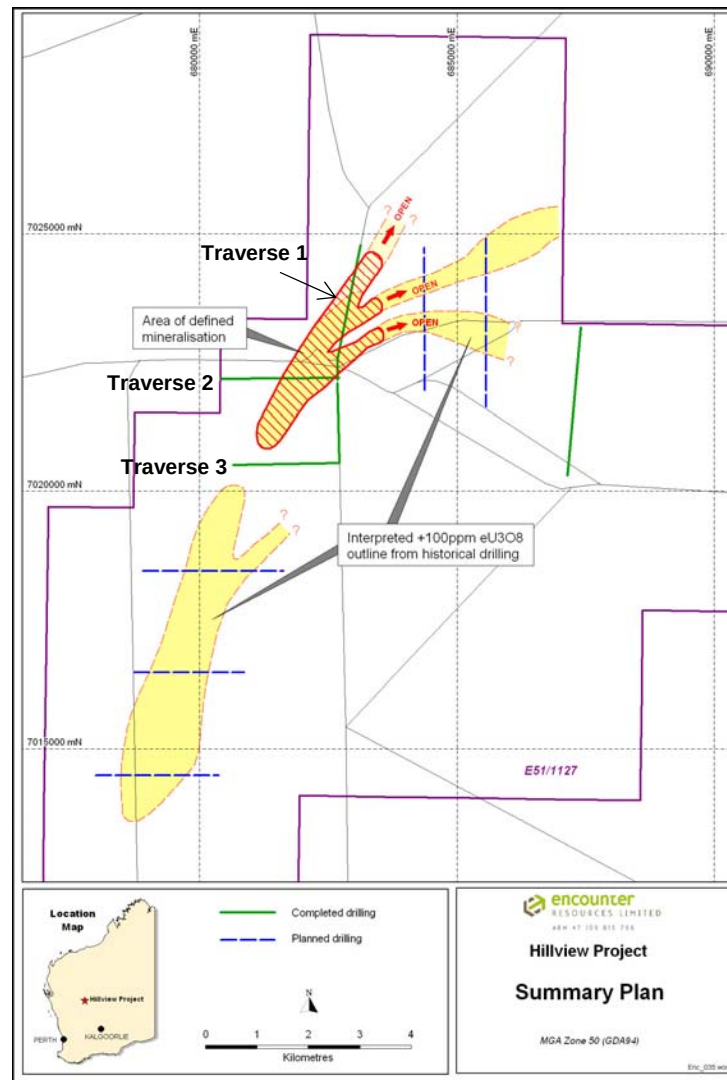
Figure 1: Hillview Initial Drill Program (significant intersections)



The third traverse reported no significant assay results. However, historical drilling indicates that mineralisation extends for a further 6km to the south of this drill line (see Figure 2). The mineralisation also remains open to the north and east.

Five additional drill traverses are planned for the December quarter to test the southern and eastern extent of the Hillview mineralisation (see Figure 2).

Figure 2: Hillview Project Summary Plan



For further information please contact:

Mr Will Robinson
Managing Director
Encounter Resources Ltd
Tel: 08 9486 9455

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.

Table 1: Drill hole collar locations and assay results, using 100ppm U₃O₈ cutoff

Hole Number	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Thickness (m)	U ₃ O ₈ ppm	Including
EHP0234	681,700	7,022,200	-90	360	7	9	2	154	
EHP0235	681,800	7,022,200	-90	360	0	10	10	208	6m@270ppm
EHP0236	681,900	7,022,200	-90	360	6	10	4	287	3m@324ppm
EHP0237	682,000	7,022,200	-90	360	0	1	1	218	
		and			3	10	7	170	1m@259ppm
EHP0238	682,100	7,022,200	-90	360	6	8	2	110	
EHP0239	682,200	7,022,200	-90	360	6	9	3	171	

Grid projection MGA Zone 50 (GDA94)

Table 2: Drill hole collar locations and assay results, using 100ppm U₃O₈ cutoff (reported 23 Sept 2007)

Hole Number	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Thickness (m)	U ₃ O ₈ ppm	Including
EHP0214	682,793	7,023,193	-90	360	5	9	4	181	2m@220ppm
EHP0215	682,880	7,023,600	-90	360	6	9	3	176	
EHP0216	682,919	7,023,800	-90	360	8	9	1	229	
EHP0217	682,963	7,024,002	-90	360	9	11	2	189	
EHP0244	682,793	7,023,193	-90	360	5	9	4	156	
EHP0245	682,758	7,022,993	-90	360	7	8	1	176	
EHP0248	682,714	7,022,599	-90	360	4	9	5	210	1m@341ppm
EHP0249	682,702	7,022,352	-90	360	7	8	1	106	
EHP0260	682,901	7,023,707	-90	360	7	9	2	147	
EHP0261	682,858	7,023,498	-90	360	5	10	5	221	
EHP0262	682,820	7,023,300	-90	360	5	9	4	220	2m@294ppm
EHP0263	682,774	7,023,099	-90	360	5	9	4	241	2m@306ppm

Grid projection MGA Zone 50 (GDA94)

* 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.