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

Initial drilling at Stone Tank & Yalgar Projects

The directors of Encounter Resources Ltd are pleased to announce that initial drill programs at the company's Stone Tank (E09/1296) and Yalgar (E51/1137) Projects have been completed (Encounter 80%, Avoca Resources Ltd 20%).

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. Calcrete and calcareous sediments extend over the entire area of the anomaly, where surface uranium mineralisation in the form of carnotite was identified during field reconnaissance in April 2007.

Five 1km spaced drill traverses were completed to test the main radiometric anomaly for near surface uranium mineralisation. In addition, seven shallow RC holes were completed to test a series of magnetic targets in the basement.

The program at Stone Tank was completed ahead of schedule allowing the completion of two of the initial reconnaissance drill lines at the Yalgar Project

The **Yalgar Project** is located 120kms northwest of Meekatharra within the upper reaches of the Murchison River drainage system. The project was pegged over an extensive but subtle airborne radiometric and stream sediment geochemical anomaly in a broad area of sheetwash sediments. Minor calcrete occurrences have been noted in shallow pits within the project area.

Samples from both programs have been collected and submitted for analysis.

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 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.