

24 July 2006

Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Please find attached an ASX Release in respect of high grade uranium mineralisation intersected at Bellah Bore East within the Yeelirrie Channel Project.

Yours faithfully

ENCOUNTER RESOURCES LIMITED



Kevin Hart
Company Secretary

HIGH GRADE URANIUM MINERALISATION AT BELLAH BORE EAST

- Encounter Resources Ltd has identified high grade uranium mineralisation in the follow up drilling program at Bellah Bore East. (80% Encounter, 20% Avoca).
- EYN064 intersected 3m @ 781ppm U₃O₈ from 4m including 1m @ 2,111ppm U₃O₈.

Encounter Resources Ltd (ASX:ENR) recently completed an 18 hole aircore drilling program at the Bellah Bore East Prospect, within the Yeelirrie Channel Project. This program was designed to test the immediate area to the north, south and west of the uranium mineralisation intersected in EYN001 (7m @ 100ppm U₃O₈ from 1m including 2m @ 165ppm U₃O₈) and EYN005 (8m @ 123ppm U₃O₈ from surface including 3m @ 204ppm U₃O₈) identified in the June 2006 reconnaissance drill program.

The follow up drilling program has intersected **3m @ 781ppm U₃O₈ from 4m including 1m @ 2,111ppm U₃O₈** in drill hole EYN064. This hole is located roughly in the center of a zone of near surface silicified calcrete and associated low grade uranium mineralisation that remains open to the north, south and west (see Figure 2).

Encounter now plans to complete an infill drilling program to delineate the area of high grade mineralisation and to extend drilling to the north and south to test for additional zones of high grade uranium mineralisation. This drilling will be completed in conjunction with the testing of the Yeelirrie South geochemical anomaly as soon a suitable drill rig can be arranged.

Table 1. Drill hole collar locations and Assay Results

Hole #	Northing	Easting	Dip	Azi	From (m)	To (m)	Width (m)	U ₃ O ₈ (ppm)	V (ppm)
EYN 064	7,025,200	779,200	-90	360	4	7	3	781	130
				incl.	5	6	1	2,111	320
EYN 063	7,025,400	779,200	-90	360	2	8	6	20	154
EYN 065	7,025,000	779,200	-90	360	3	9 [^]	6	17	50
EYN 068#	7,025,200	779,000	-90	360	-	-	-	-	-
EYN 071	7,025,200	778,800	-90	360	5	18.5 [^]	13.5	32	196
EYN 009	7,025,600	779,400	-90	360	3	6.5 [^]	3.5	23	64
EYN 010	7,025,100	779,340	-90	360	3	7	4	30	90
EYN 001*	7,025,450	779,400	-90	360	1	8	7	100	17
				incl.	5	7	2	165	12
EYN 005*	7,025,140	779,220	-90	360	0	8	8	123	49
				incl.	0	3	3	204	66

hole terminated above target zone

[^] end of hole

* results reported 2 July 2006

Figure 1. Tenement location plan - Bellah Bore East Prospect (Yeelirrie Channel Project)

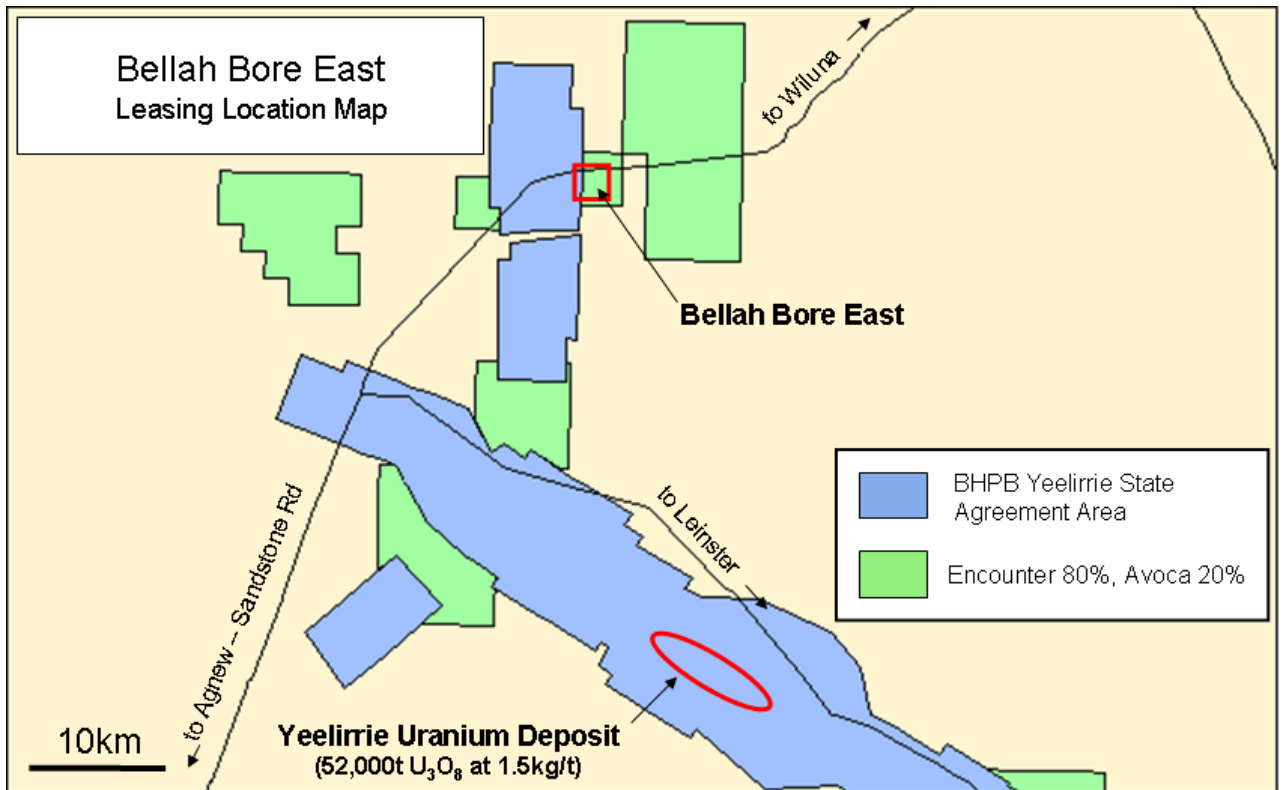
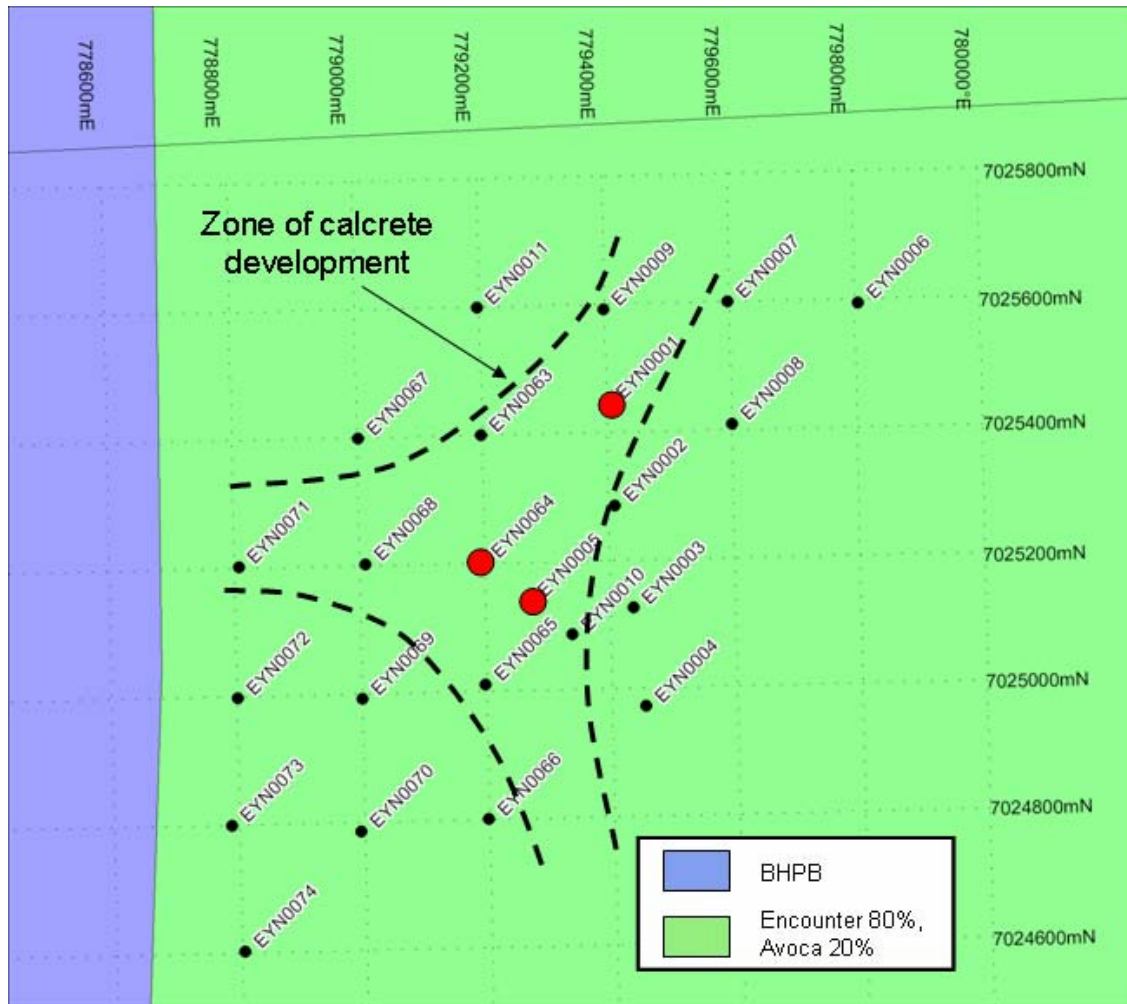


Figure 2. Drill hole location plan - Bellah Bore East Prospect



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.