

ASX Announcement

30 May 2006

Encounter Resources Commences Drilling at Yeelirrie Channel

Highlights

- A 130 hole Aircore drill program to test several targets at the Yeelirrie Channel has commenced
- Drilling planned for Lake Way South in June 2006 when lake surface conditions permit access
- Drilling at the Throssel project brought forward to August 2006

Encounter Resources Ltd ('Encounter') is pleased to announce the commencement of its first uranium exploration drilling in Western Australia. Encounter has begun a 130 hole program of aircore drilling at its Yeelirrie Channel project (held 80% Encounter, 20% Avoca Resources Ltd) located 50 kilometres south west of Wiluna.

The Yeelirrie Channel comprises nine exploration licences that cover over 1000 square kilometres. The tenements lie along strike from BHP Billiton's Yeelirrie deposit, which is the world's largest calcrete uranium resource, containing 52,500 tonnes of U3O8.

This phase of drilling comprises a series reconnaissance drill lines over several targets within the channel system. The company is searching for potential tributaries to the main channel and testing covered areas where airborne radiometrics is ineffective. This is the first of several phases of drilling planned at the company's Yeelirrie Channel project to be completed over the next 2 years.

In June, Encounter will undertake a drilling program at the Lake Way South project located between Nova Energy's Lake Way and Centipede deposits. The company plans to complete a 120 hole program at Lake Way South to test for extensions to known mineralisation once the lake surface conditions permit drill rig access. Encounter is earning a 60% interest of the uranium rights in the Lake Way South project from Avoca Resources Limited.

Level 1, 46 Parliament Place
West Perth WA 6005
PO Box 273
West Perth WA 6872
P 08 9486 9455
F 08 6210 1578
www.encounterresources.com.au

In addition, following a field reconnaissance visit, the company has brought forward a drill program planned for the company's Throssel project (held 80% Encounter, 20% Avoca) to August. The project covers a 10km long uranium channel radiometric anomaly located in the Officer Basin approximately 250km north east of Laverton.

The company has an extensive pipeline of high quality uranium exploration projects in Western Australia to be tested over the next three years. The commencement of Encounter's maiden drilling program is the next step in the evaluation of this portfolio.

ENDS

For further information:
Will Robinson
Managing Director
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.