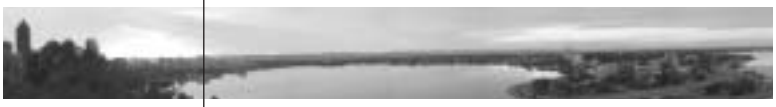
prospectus



washington resources limited

Prospectus

Washington Resources Limited ACN 097 532 137
An offer of 15,000,000 Shares at 20 cents per share to raise $3,000,000.

Shares offered under this Prospectus are of a speculative nature.
This is an important document that should be read in its entirety.
Consult your professional adviser if you require clarification or advice regarding the information contained herein.

Index

CORPORATE DIRECTORY

Directors
Adrian Griffin – Chairman and Managing Director
Grant Button – Non-executive Director
K. Scott Huntly – Non-executive Director

Company Secretary
Bob Hair

Auditor
Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 AUSTRALIA
Telephone (+61 8) 9429 2222
Facsimile (+61 8) 9429 2436

Solicitors
Clayton Utz
QV1 Building
250 St Georges Terrace
Perth WA 6000 AUSTRALIA
Telephone (+61 8) 9426 8000
Facsimile (+61 8) 9481 3095

Share Registry
Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000 AUSTRALIA
Telephone (+61 8) 9323 2000
Facsimile (+61 8) 9323 2033

Independent Accountant
Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 AUSTRALIA
Telephone (+61 8) 9429 2222
Facsimile (+61 8) 9429 2436

Registered and Principal Office
Level 1, 22 Oxford Close
Leederville WA 6007 AUSTRALIA
Telephone (+61 8) 9485 0755
Facsimile (+61 8) 9324 2977
Website *www.washingtonresources.com.au*
Email *admin@washingtonresources.com.au*

Independent Geologist
Al Maynard & Associates
9/280 Hay Street
Subiaco WA 6008 AUSTRALIA
Telephone (+61 8) 9388 1000
Facsimile (+61 8) 9388 1768

COMPANY HIGHLIGHTS

Within Western Australia

- Dominant position in Western Australia's Lac des Isles style PGE environment (refer to Section 4 of this Prospectus).
- Inferred Resource of 79,000 oz PGE at Yarawindah Brook (Section 4).
- Potential to expand the Yarawindah resource (Section 4).
- Likely repetitions of Yarawindah occurrences in similar hosts (Section 4).
- Base-metal targets identified and exploration models established (Section 4).

Within the Northern Territory

- Significant exploration tenure in two major gold provinces (Section 4).
- Nickel potential in the Musgrave Block (Section 4).

Other reasons for investing in Washington

- Strategic Alliance with Dwyka Diamonds Limited ("Dwyka") in Africa (Section 5).
- Potential indirect exposure to fluorspar production in South Africa, through an option to acquire shares in Sallies Limited ("Sallies"), which owns that operation (Section 6).
- Directors and management with proven exploration, mining, development and marketing expertise and extensive public company experience, particularly in the minerals exploration and mining sectors (Section 3).

SUMMARY OF WASHINGTON PROJECTS

Australia

Washington's dominant exploration focus in Western Australia and the Northern Territory (Figure 1) is base and precious metals (refer to Section 4 of this Prospectus).

Recent overseas discoveries of commercial PGE deposits in unconventional geological terrains have demonstrated the importance of disseminated mineralisation and structural controls in the development of such deposits. The geological models developed for Lac des Isles, Suhanko and Northmet (Figure 2) provide some of the exploration keys that will be used in the search to expand the Inferred Resource of 79,000 oz PGE at Yarawindah Brook, within the Jimperding Igneous Complex in Western Australia.

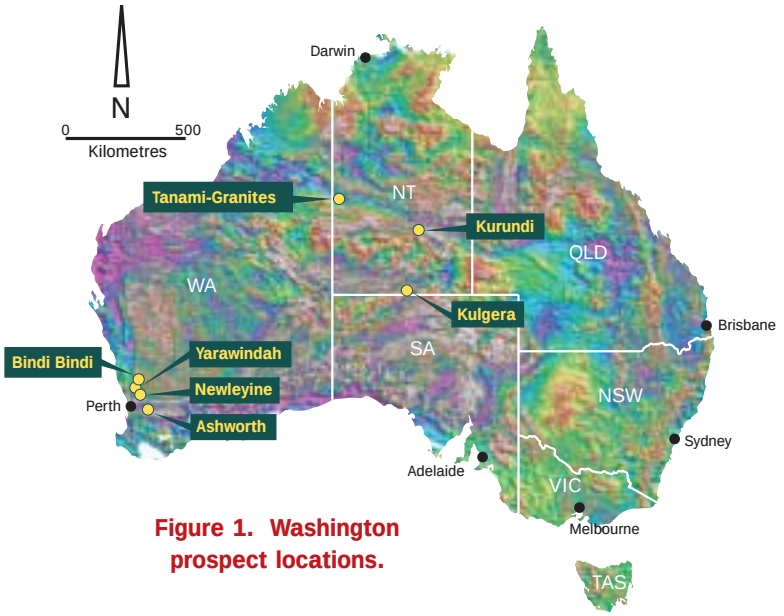


Figure 1. Washington prospect locations.

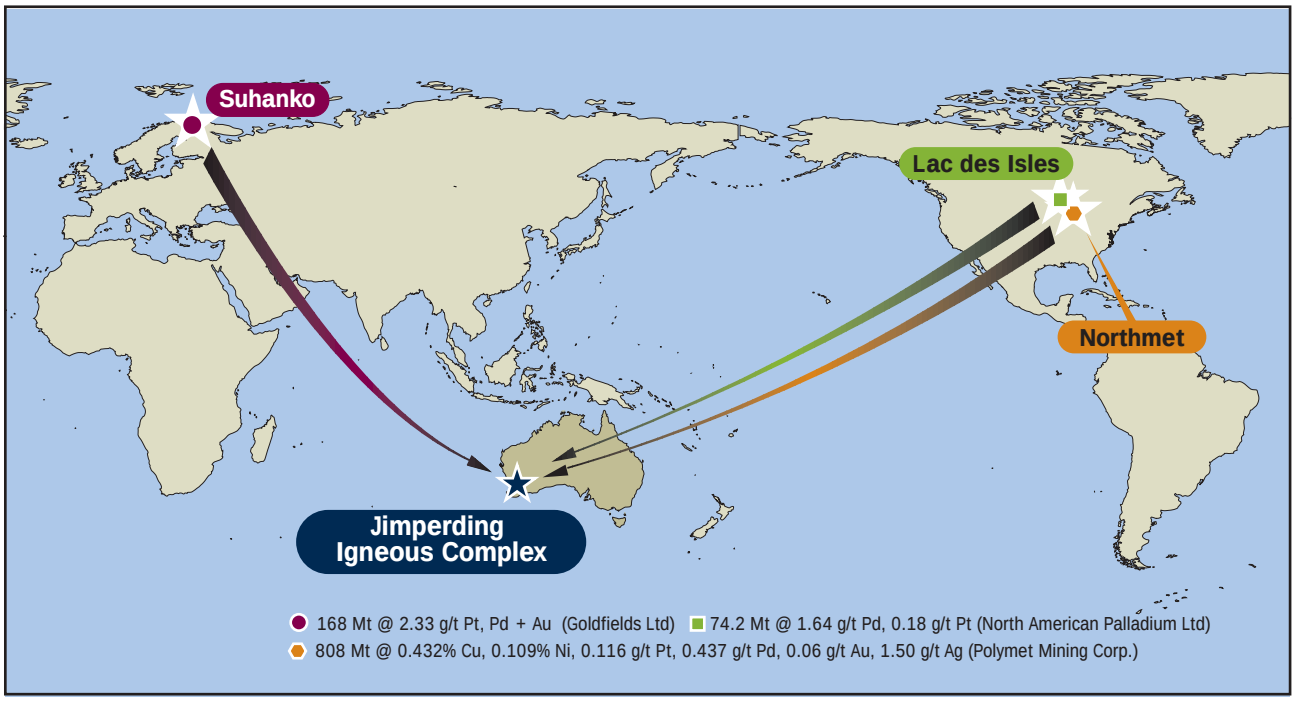


Figure 2. Washington will apply models of recent PGE discoveries by other explorers (see legend above) to the Jimperding Igneous Complex in the search for new orebodies.

These models will be further developed in order to seek repetitions of that style of mineralisation elsewhere in the Jimperding Igneous Complex. In so doing, there is an opportunity to explore prospective hosts that outcrop over a strike length of 160 km (Figure 3).

In the Northern Territory, Washington has acquired tenure in three locations prospective for gold and base metals (Figure 4). Both the Tanami-Granites and Kurundi prospects have the potential to contain gold, as demonstrated by the abundance of known gold occurrences in these regions. Kurundi is also the location of past tungsten production (at Mosquito Creek) and minor uranium mineralisation.

The Kulgera prospect (Figure 4) contains the eastern extremities of the Musgrave Complex, which in recent years has been successfully targeted by many nickel exploration programs.

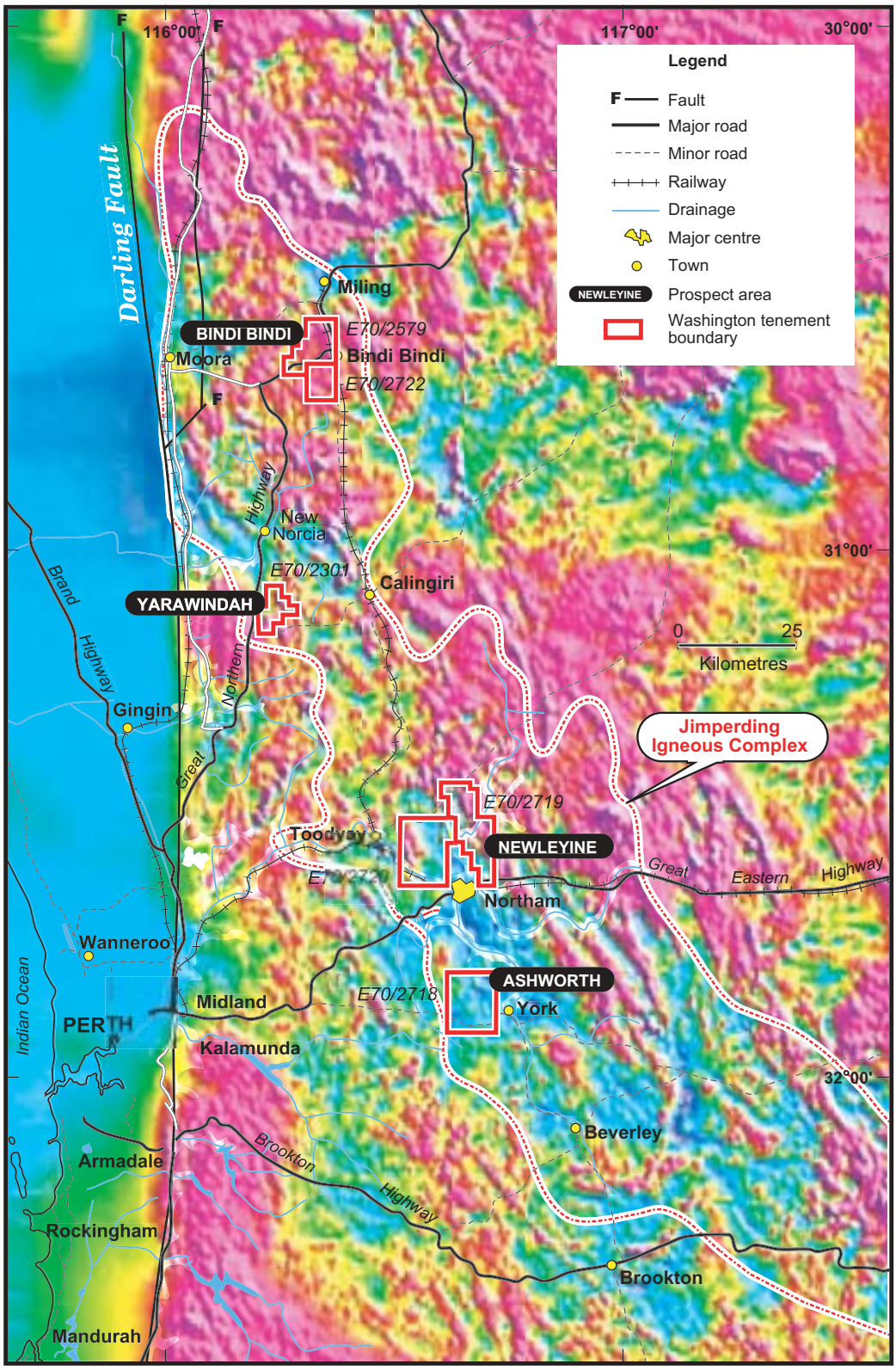


Figure 3. Washington's PGE focus lies in the Jimperding Igneous Complex, the boundary of which is shown above on this regional magnetic intensity image.

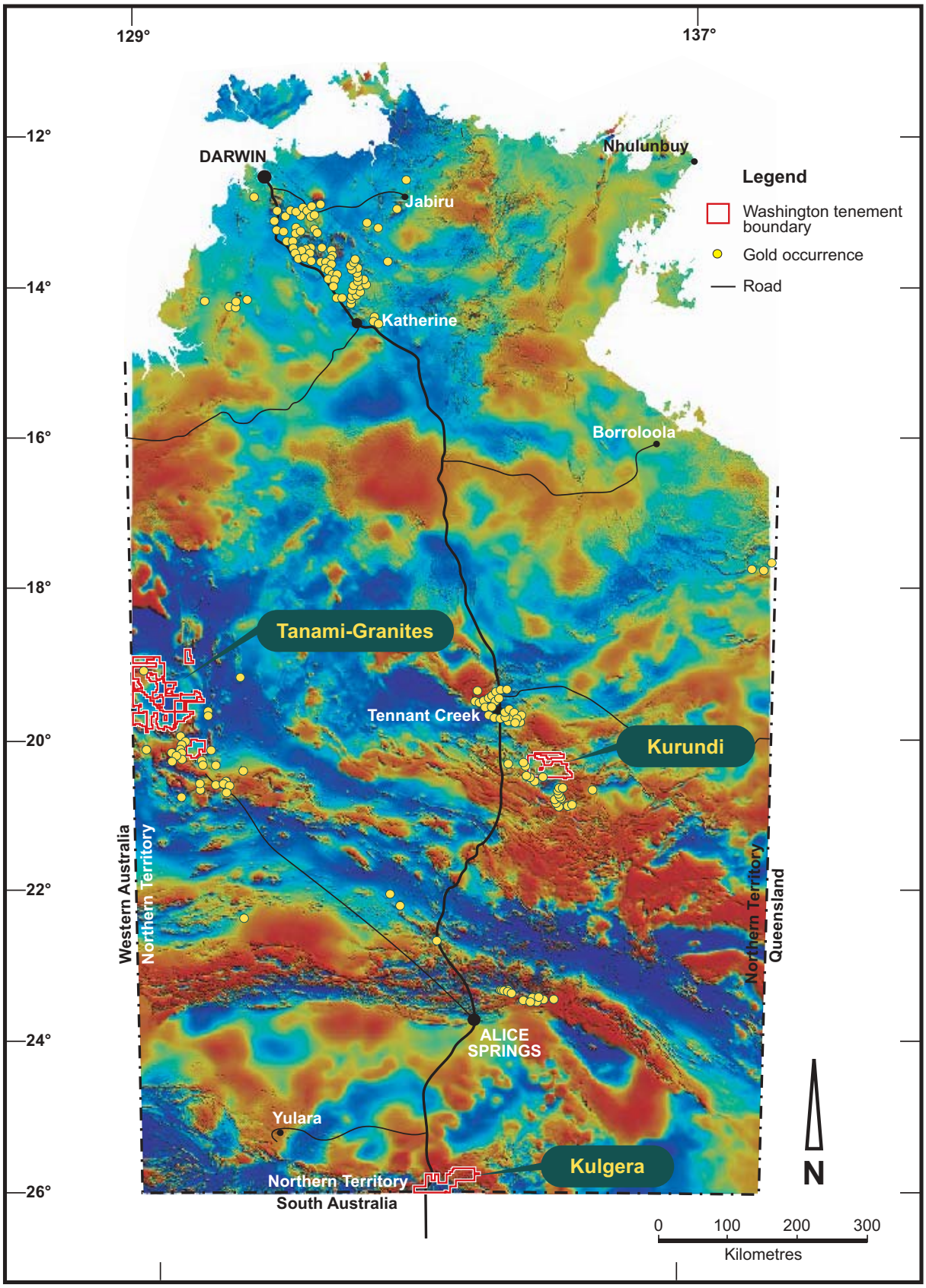


Figure 4. Location of Washington prospects in the Northern Territory (overlying regional magnetic survey).

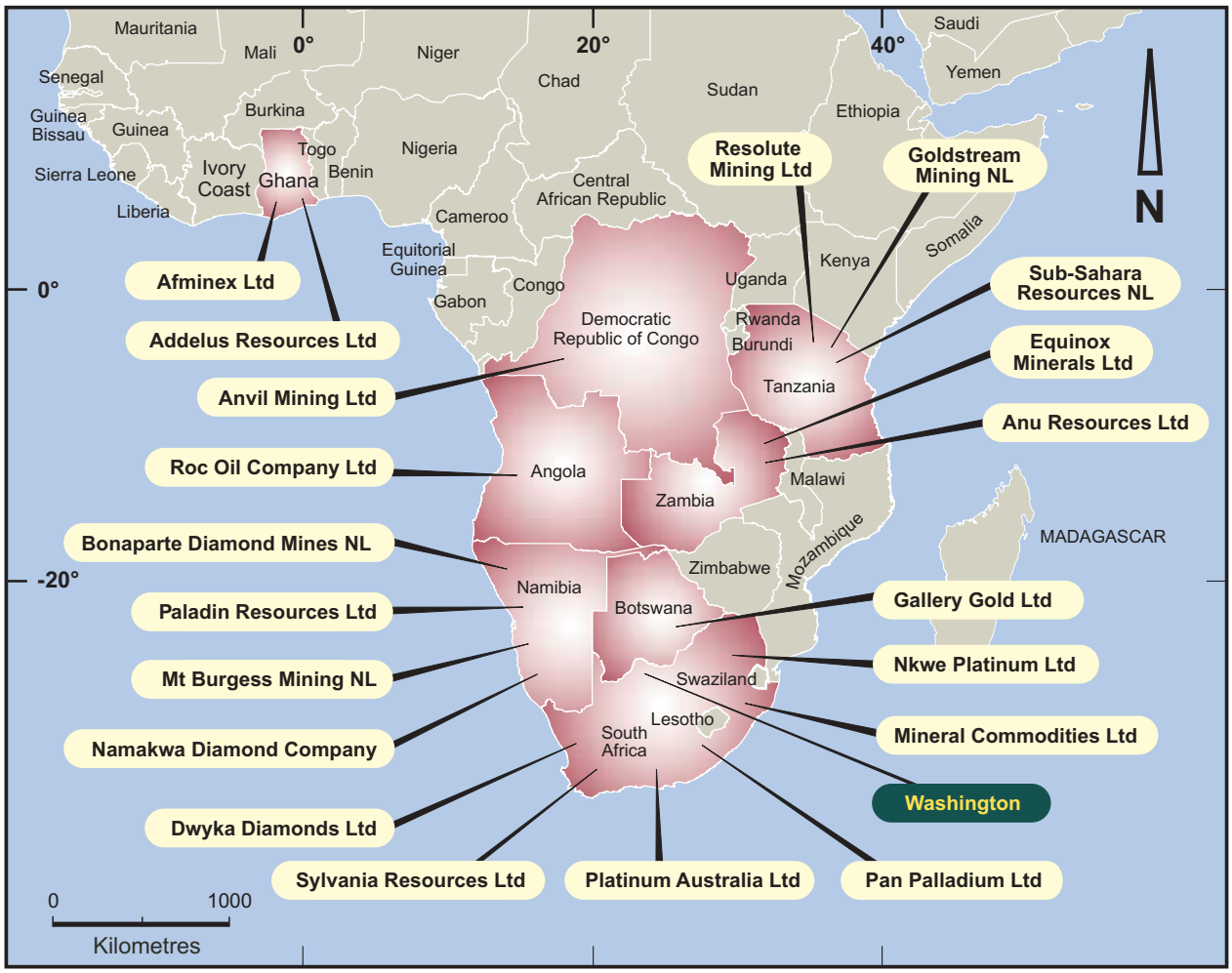


Figure 5. Australian-based companies benefiting from opportunities in Africa.

Africa

The Dwyka Strategic Alliance has been structured to provide an introduction to African opportunities (refer to Section 5 of this Prospectus). Historically, many Australian-based companies have benefited from such opportunities (Figure 5). Currently, Washington is also assessing the merits of an investment in Sallies, a fluorspar producer located in South Africa (refer to Section 6 of this Prospectus).

The Washington portfolio provides focus and opportunity, together with outstanding exploration potential.

THE ISSUE AT A GLANCE

Shares Offered for Subscription

An Offer of 15,000,000 Shares at 20 cents ($0.20) each to raise $3,000,000.

Key Dates

Lodgement of Prospectus with ASIC and the ASX	19 August 2005
Exposure Period ends	26 August 2005
Opening Date	29 August 2005
Closing Date	16 September 2005
Expected date for allotment and issue of Shares	19 September 2005
Expected date for dispatch of Holding Statements	21 September 2005
Expected date of quotation of Shares on the ASX	28 September 2005

The above dates are indicative only. Washington reserves the right to vary the dates and times of the Offer under this Prospectus, including the Closing Date, without prior notice, which may have a consequential impact on other dates. Investors are therefore encouraged to submit their Application Form, together with a cheque, as soon as possible.

Capital Structure

Offer price per Share	20 cents
Existing Shares	16,600,006
Maximum number of Shares to be issued pursuant to this Prospectus(1)	15,000,000
Shares to be issued to McCleary as part consideration for tenement acquisition(2)	500,000
Maximum number of Shares that may be issued to Elegant Global(3)	4,000,000
Shares that may be issued to Sallies shareholders as consideration for the acquisition of shares in Sallies(4)	8,858,320
Total Shares on issue at completion of the Offer and the other issues referred to in this Prospectus(5)	44,958,326
Existing Options(6)	5,425,000

Notes

(1) This assumes that the Offer is fully subscribed. If only the Minimum Subscription of $2,500,000 is achieved, then only 12,500,000 Shares will be issued and the total issued Shares upon completion of the Offer will be reduced.

(2) Refer to Section 8 of this Prospectus for further details.

(3) Shares to be issued to Elegant Global in recognition of its assistance in acquiring the McCleary mining tenements as detailed in Section 12.4(d) of this Prospectus. The number of Shares issued to Elegant Global will depend upon the amount raised under the Offer.

(4) Refer to Sections 6 and 12.4(a) of this Prospectus for further details.

(5) If Washington elects not to exercise its options to acquire shares in Sallies by 31 October 2005, the maximum number of Shares on issue, assuming that all of the 15,000,000 Shares offered under this Prospectus are issued, will be 36,100,006.

(6) Refer to Section 12.2 of this Prospectus for further details.

IMPORTANT NOTICES

General

This Prospectus is dated 19 August 2005 and a copy was lodged with ASIC on 19 August 2005.

Neither ASIC nor the ASX takes any responsibility for the contents of this Prospectus, nor for the merits of the investment to which it relates.

No Shares will be issued or granted on the basis of this Prospectus later than 13 months after the date of this Prospectus. Applicants can only apply for Shares on an Application Form.

Those wishing to subscribe for the Shares offered by this Prospectus should read it carefully and in its entirety, in order to make an informed assessment of the assets and liabilities, financial position and prospects of the Company and the risk factors that could affect its financial performance, as well as the rights attaching to the Shares offered by this Prospectus.

Application for ASX Listing

The Company will apply to the ASX within seven (7) days after the date of this Prospectus for admission to the Official List of the ASX and for Shares offered by this Prospectus to be granted quotation on the ASX.

Exposure Period

Applications for Shares offered under this Prospectus will not be processed during the Exposure Period. No preference or priority will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the date the Offer opens. If the Exposure Period is extended, Applications will not be processed until after the expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications for Shares and the raising of funds. That examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Foreign Investors

Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer in any jurisdiction where it would be unlawful to make such an offer or to issue this Prospectus.

How to Apply

An application for Shares can only be made by completing the Application Form contained in this Prospectus in accordance with the instructions set out on that Application Form.

This Prospectus will be made generally available in electronic form during the Exposure Period by being posted on the Company's website at:

www.washingtonresources.com.au

In addition, copies of the Prospectus will be available on request to members of the public who contact the Company during the Exposure Period. The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and Application Form who are Australian residents. Applicants can apply on an Application Form printed from the on-line Prospectus but there is no facility for Applications to be accepted electronically.

Applications must be for a minimum of 10,000 Shares (being $2,000) and thereafter in multiples of 5,000 Shares. The Application Form must be accompanied by a cheque, denominated in Australian dollars ("$"), for the full amount of the Application monies. Cheques must be made payable to 'Washington Resources Limited Share Issue Account' and should be crossed 'Not negotiable'.

Privacy Disclosure

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by the Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to the ASX and regulatory authorities.

If any Applicant becomes a security holder, the Corporations Act requires the Company to include information about the security holder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a security holder. Information contained in the Company's registers is used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and for compliance by the Company with legal and regulatory requirements.

If the Applicant does not provide the information required on the Application Form, the Company may not be able to accept or process that Application efficiently, or at all.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for such access. Access requests must be made in writing to the Company's registered office.

No person is authorised to give any information or to make any representation in connection with the issue of the Shares described in this Prospectus that is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Directors in connection with the Issue. Shares offered by this Prospectus should be considered of a speculative nature.

Glossary

Investors should refer to the Glossary of Defined Terms at Section 14 for the meaning of certain words and terms used in this Prospectus.

CHAIRMAN'S LETTER

Dear Investor

The Directors of Washington believe that the Company offers investors an excellent opportunity to participate in exploration for PGE, nickel, copper and gold in highly prospective geological environments in Western Australia and the Northern Territory.

Washington already holds an Inferred Resource of 79,000 oz of PGE at Yarawindah Brook (Washington 80%) within the prospective Jimperding Igneous Complex in Western Australia. Washington recognises that the potential of this complex is not restricted to Yarawindah Brook and Bindi Bindi (in which the Company also holds an 80% controlling interest). Rather, it extends to a series of discontinuous ultramafic intrusive bodies that occur over a strike length of 160 km, the principal occurrences of which occur within ground covered by ELs or ELAs beneficially held by Washington.

The Company intends to capitalise on the development of new geological models that have led to the recent discovery of major PGE occurrences elsewhere, in terrains similar to those within the Jimperding Igneous Complex. The relatively recent discovery of the Lac des Isles, Northmet and Suhanko platinum deposits in other parts of the world is the product of less conventional technical assessment of PGE mineralised environments and the development of new geological models. These models have not been applied to the Jimperding Igneous Complex before, despite PGE and base-metal occurrences having been identified previously within that terrain.

Detailed examination of the Yarawindah deposit has enabled Washington to develop a regional model. This in turn has led to the acquisition of other prospective host domains for which no information is available to indicate previous exploration for PGE. Potentially, these may lead to the discovery of untested PGE occurrences in areas that are easily accessed and have well-developed infrastructure.

The Company has also acquired considerable exploration tenure in the Northern Territory, in the vicinity of the successful Granites Gold Mine. This provides exposure to one of Australia's most successful recently developed gold provinces. Significantly, recent base-metal discoveries in the Musgrave may in time rival those in great historic fields such as Kambalda and Sudbury.

Washington's tenure in the Kurundi area, which includes exposure of Warramunga Group rocks, is part of the Tennant Creek Inlier. The Warramunga Group has hosted some of the principal gold and base-metal developments in the Tennant Creek area. As such, it too provides excellent exploration potential.

In addition, Washington has a Strategic Alliance with Dwyka, an Australian-listed company with industrial product and diamond interests in Africa. This Alliance gives Washington the opportunity to assess exploration and development opportunities in Africa, introduced through Dwyka's established management team on that continent.

Finally, the Company's option over shares in Johannesburg-listed Sallies may lead it to acquire a strategic stake in what the Directors consider to be a significantly undervalued asset with exposure to an expanding industrial minerals market. Washington's Directors are committed to adding value to the Company through the implementation of clearly defined objectives and exploration strategies, as outlined in this Prospectus. I believe that the Board of Directors – the members of which have wide-ranging experience in mineral exploration, project evaluation, financing, marketing and general management – is eminently placed to achieve these objectives.

Details of the Company and its projects, plus the risks of investing in it, are outlined in this Prospectus. I invite you to study the document carefully and seek appropriate professional advice, in order to make an informed decision to invest in Washington.

On behalf of the Directors, I have pleasure in extending to you this Offer of Shares and hope you will participate in what we see as an exciting future for Washington and its Shareholders.

Yours sincerely

Adrian Griffin
Chairman and Managing Director

1. DETAILS OF THE ISSUE

1.1 Offer of Shares

By this Prospectus, 15,000,000 Shares are offered for subscription at $0.20 (20 cents) each, payable in full on Application, to raise $3,000,000 before expenses of the Issue. All Shares offered by this Prospectus will be issued as fully paid shares and will rank equally in all respects with Existing Shares.

1.2 Minimum Subscription

The minimum amount to be raised under the Offer is $2,500,000. If Washington does not receive this amount by the Closing Date (which may be extended without notice), or such later date as permitted under the Corporations Act and as the Board may define, all Application monies will be refunded in full without interest, in accordance with the Corporations Act, and no Shares offered under this Prospectus will be allotted or issued.

1.3 Indicative Timetable

Opening Date	29 August 2005
Closing Date	16 September 2005
Holding Statements dispatched	21 September 2005
Trading commences on ASX	28 September2005

Applications under this Prospectus may be lodged at any time after the Opening Date. The above dates are indicative only. The Company reserves the right to vary the dates and times of the Offer under this Prospectus, including the Closing Date, without prior notice, which may have a consequential impact on the other dates shown above.

1.4 Use of Funds

If the Offer is fully subscribed up to $3,000,000, the proceeds of the Offer will be used for:

- further exploration, drilling and development of the Yarawindah Brook PGE project near Perth, Western Australia;
- regional exploration, based on the Yarawindah model, to encompass other areas of identified mineralisation at Bindi Bindi and greenfields targets within the Jimperding Igneous Complex;
- exploration for gold and base metals in the Tennant Creek Inlier and near the Granites, both in the Northern Territory;
- exploration for PGE and base metals in the Musgrave Block, also in the Northern Territory;
- evaluation of opportunities presented through the Strategic Alliance with Dwyka;
- working capital to meet general administration and operating costs, and
- expenses of the Issue.

Based on information now known and current circumstances, it is intended that the funds raised will be applied as outlined in the table below.

Allocation of funds	Minimum subscription	Fully subscribed
Exploration programs – Western Australia		
Yarawindah Brook	$220,000	$437,000 (1)
Bindi Bindi	$129,000	296,000 (1)
Exploration programs – Northern Territory		
Granites	$149,000	$198,000
Kulgera	$62,000	$234,000
Kurundi	$70,000	$245,000
Other		
Tenement acquisition costs (2)	$300,000	$300,000
Allocation for the Dwyka Strategic Alliance	$150,000	$320,000
Assessment of Sallies	$70,000	$70,000
Repayment of Dwyka Convertible Note (3)	$250,000	$250,000
Administration expenses	$885,490	$445,490
Issue costs	$214,510	$204,510
Total	**$2,500,000**	**$3,000,000**

Notes

(1) Some expenditure shown as allocated to Yarawindah Brook and Bindi Bindi may be re-allocated to the areas of the Company's Western Australian ELAs if they are granted within the two-year period.
(2) Refer to Section 8 of this Prospectus for further details
(3) Refer to Section 12.4(c) of this Prospectus for further details.

In the event that the Company raises more than the Minimum Subscription but less than the Maximum Subscription, then the Company will apply funds received over the Minimum Subscription amount to exploration programs in Western Australia and the Northern Territory (as set out in the table above), to the Dwyka Strategic Alliance and to administration expenses. Initially, the Company will focus on exploration of its PGE, base-metal and gold prospects in Western Australia and the Northern Territory, where advanced geological models suggest there is a relatively high probability of success.

Further particulars of the proposed exploration programs in Western Australia and the Northern Territory are set out in Section 4 and in the Independent Geologist's Report in Section 7 of this Prospectus.

The Directors are satisfied that, upon completion of the Offer, the Company will have sufficient working capital to apply the funds as detailed in this section and to operate and administer the Company in accordance with its stated objectives.

1.5 Acquisition of Equity in Sallies

Washington has entered into option agreements with seven (7) holders of shares in JSE-listed Sallies. Following completion of the Offer, Washington will conduct due diligence enquiries on Sallies to assess whether or not to exercise the options and acquire 26,572,961 shares in that company. For further information on Sallies, see Section 6 of this Prospectus, and for details of the option agreements to acquire shares in Sallies refer to Section 12.4(a) of this Prospectus.

1.6 Applications for Shares

An Application for Shares can only be made by completing the Application Form contained in this Prospectus in accordance with the instructions set out on that form.

Applications must be for a minimum of 10,000 Shares at a price of $0.20 (20 cents) each and thereafter in multiples of 5,000 Shares. The Application Form must be accompanied by a cheque, denominated in Australian dollars ("$"), for the full amount of the Application monies. Cheques must be made payable to 'Washington Resources Limited Share Issue Account' and should be crossed 'Not negotiable'.

Completed Application Forms and accompanying cheques may be lodged before the Closing Date in person at, or by post to:

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000
AUSTRALIA.

Applications for Shares pursuant to the Offer will not be accepted after the Closing Date and Applications will not be processed until after the Exposure Period.

Further instructions on completing the Application Forms can be found in Section 15 of this Prospectus.

The lodgement of an Application Form for Shares, together with a cheque for the Application monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form.

The Application Form does not need to be signed to be a valid Application.

An Application will be deemed as having been accepted by the Company upon allotment of the Shares.

If an Application Form is not completed correctly, or if the accompanying payment of the appropriate Application monies is for the wrong amount, it may still be treated by the Company as valid. The Directors' decision as to whether to treat the Application as valid, and how to construe, amend or complete the Application Form, is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application monies.

All Application monies will be held by the Company on trust for Applicants until the Shares offered hereunder are issued or subscription monies returned to unsuccessful Applicants, without interest.

The Directors may reject any Application or allocate fewer Shares than applied for.

1.7 On-line Prospectus

This Prospectus may be viewed on-line during and after the Exposure Period by Australian residents in Australia at the Company's website:

www.washingtonresources.com.au

The Corporations Act prohibits any person passing on to another person an Application Form unless it is attached to a hard copy of this Prospectus or accompanies the complete and unaltered version of this Prospectus.

Any person may obtain a hard copy of this Prospectus free of charge from the commencement of the Exposure Period up to the Closing Date by phoning the Company on (+61 8) 9485 0755.

Applicants can apply on an Application Form printed from the on-line Prospectus but there is no facility for Applications to be accepted electronically.

1.8 Rights Attaching to Shares

For details of the rights attaching to Shares, refer to Section 12.1 of this Prospectus.

1.9 Allotment of Shares

Allotment of Shares will be made as soon as practicable after the Closing Date. Where the number of Shares allotted is less than the number applied for, the surplus Application monies will be returned by cheque as soon as possible.

Where no allotment is made, the amount tendered on Application will be returned in full by cheque, together with the relevant Application Form, within seven (7) Business Days after the Closing Date. Interest will not be paid on monies refunded.

1.10 ASX Listing

The Company will apply to the ASX within seven (7) days after the date of this Prospectus for admission to the Official List of the ASX and for quotation of the Shares offered under this Prospectus (apart from any existing or other shares that may be designated by the ASX as restricted securities).

If granted, official quotation of the Shares offered under this Prospectus will commence as soon as practicable after allotment.

If the ASX does not grant official quotation of the Shares offered under this Prospectus within three (3) months after the date of this Prospectus (or such longer period as may be allowed under the Corporations Act), none of the Shares offered under this Prospectus will be allotted or issued. If no allotment or issue is made, all Application monies received pursuant to this Prospectus will be repaid to the Applicants as soon as possible. No interest will be repaid on refunded amounts.

The Directors will not allot any Shares offered for subscription under this Prospectus unless and until the ASX grants the Company approval to be admitted to the Official List.

The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication or endorsement by the ASX of the merits of the Company or the Shares offered by this Prospectus. The ASX takes no responsibility for the contents of this Prospectus, including any experts' or consultants' reports contained in this Prospectus.

1.11 Restricted Securities

As a condition of admitting the Company to the Official List, the ASX may classify certain Existing Shares and certain other Shares issued as consideration for or in connection with the acquisition of mining tenements (as referred to in Section 8) or promotion of the Company as restricted securities, which means that the relevant Shares are unable to be traded or dealt with in a prescribed period. Prior to quotation, it will be necessary for the parties owning or controlling those restricted securities to enter into restriction agreements with the Company in a form approved by the ASX. Under these restriction agreements, restricted securities cannot be dealt with for such period as determined by the ASX, unless otherwise agreed to by the ASX.

1.12 Applicants Residing Outside Australia

Investors residing outside Australia should consult their professional advisers as to whether government or other consents are necessary or need to be observed before taking up Shares offered under this Prospectus.

Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Therefore, those outside Australia into whose possession this Prospectus comes should seek advice on and observe any such restrictions.

No action has been taken to register or qualify the Shares or otherwise permit the public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or extend such an invitation.

1.13 CHESS

Upon the Company's being admitted to the Official List of the ASX, it will be admitted to participate in CHESS. ASTC, a wholly owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASTC Settlement Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. Together, these two sub-registers will make up the Company's principal register of securities.

The Company will not issue certificates to Applicants. Rather, as soon as possible after allotment, successful Applicants will receive a holding statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus.

For investors who elect to hold their Shares on the CHESS sub-register the Company will, on allotment, issue an advice to investors that sets out the number of Shares allotted to the investor under this Prospectus and, at the end of the month following the allotment, CHESS (acting on behalf of the Company) will provide investors with a holding statement that confirms the number of Shares allotted.

A holding statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number (in the case of a holding on the CHESS sub-register) or Shareholder Reference Number (in the case of a holding on the issuer-sponsored sub-register). Following distribution of these initial holding statements, an updated holding statement will only routinely be provided at the end of any month during which changes occur to the number of Shares held. Shareholders may also request statements at any other time. However, the Company may charge an administration fee for this.

Holders of Existing Shares and other Shares that may be subject to an escrow period will, following Official Quotation of those Existing Shares and other Shares by the ASX, receive holding statements in the Company to replace the share certificates held by them.

1.14 Not Underwritten

The Offer is not underwritten.

1.15 Enquiries

If you have any queries about the Offer or how to apply for Shares, you may contact the Company by telephone on (+61 8) 9485 0755 or email:

admin@washingtonresources.com.au

You should consult your stockbroker, accountant or other financial or professional adviser when considering your own circumstances with respect to an investment in the Company.

2. OVERVIEW OF THE COMPANY

2.1 Objectives and Strategies

This section of the Prospectus provides an overview of Washington. Potential investors should read the Prospectus in its entirety before making any investment decision in relation to the Company.

Washington's mineral tenements are at the exploration and evaluation stage.

The Company has formed a Strategic Alliance with Dwyka to develop opportunities in Africa.

In addition, the Company is assessing a potential investment in South African fluorspar producer Sallies.

Investment in the Shares offered by this Prospectus should be regarded as speculative in nature.

Washington's objective is to increase the value of the Company's asset base through successful exploration and development of, and investment in, mineral resource projects.

It aims to achieve this by successfully exploring and developing PGE, base-metal and gold deposits in Australia. To that end, the Company has assembled an exploration portfolio that is well suited to taking advantage of the latest concepts in the development of base- and precious-metal mineralisation. Washington's projects are located in very prospective but under-explored geological terrains. All the tenements are situated in areas for which new regional or technical information is emerging, and this will enhance the Company's exploration efforts and probability of success. Much of the data was not previously available, while for some regions extensive data packages are yet to be released by government instrumentalities. Through efficient use of such information sources, Washington aims to be among the first to apply this knowledge to the search for mineral deposits in relevant areas, which will enhance its exploration efforts and probability of success.

Pursuant to the Project Development Agreement described in Section 3.3 of the Solicitors' Report (Section 8 of this Prospectus), the Company holds a controlling 80% interest in Yarawindah Brook, which contains an Inferred Resource of 79,000 oz of PGE. It occurs near the base of a layered intrusion similar in style to the larger producing platinum occurrences in South Africa, as well as more recently discovered deposits in Finland and North America. Detailed examination of the Yarawindah deposit has enabled the Company's management team to develop a regional model, and this in turn has led to the acquisition of other prospective host domains not previously explored for PGE.

Washington has also acquired significant exploration tenure in the Northern Territory – in the vicinity of the successful Granites Gold Mine and in the Musgrave Block – that provides exposure to one of Australia's most successful recently developed gold provinces. Also significant is the fact that the Musgrave has been the locus of recent base-metal discoveries. The Company's tenure in the Kurundi area, which straddles the boundary of the Tennant Creek and Davenport Provinces, is part of the Tennant Creek Inlier, which has hosted some of Australia's principal gold and base-metal developments. As such, it too provides excellent exploration potential.

In addition, the Company plans to expand the value of its asset base beyond Australia, through evaluation of – and investment in – strategic opportunities likely to produce a positive outcome for its Shareholders.

Washington has entered into a Strategic Alliance with Dwyka to gain entry to natural resource projects in Africa, and intends to capitalise on the opportunities this Alliance may provide as and when they arise.

Further, Washington has acquired options to purchase approximately 10% of Sallies and has commissioned a commercial evaluation of that entity to guide its investment decision. Exercise of these options, which would require the issue of 8,858,320 Shares, will be completed only if commercially justified. The option period will allow the Company the time necessary to assess the proposed acquisition and, if it decides to proceed, to complete the acquisition by the issue of those Shares.

Washington intends to spend the funds raised under this Prospectus on exploration and resource evaluation, in order to advance its exploration prospects to a stage at which further evaluation and mining development can be financed by joint-venture funding, debt or additional equity funds. Initially, the Company will focus on exploration of its PGE, base-metal and gold prospects in Western Australia and the Northern Territory, where advanced geological models suggest a high probability of success.

2.2 Corporate

The Company was incorporated on 18 July 2001 as a public company, limited by shares.

2.3 Exploration Projects

The Company has exploration projects in both Western Australia and the Northern Territory. Selection criteria for those projects included:

- high potential for economic mineralisation;
- sparse prior exploration, and
- access to data not previously available to explorers in the region.

Innovative mineralisation models and access to new data form a common thread in the Company's exploration strategy.

The geology of the Western Australian prospects is common to recently discovered PGE and base-metal deposits elsewhere. However, the Western Australian prospects remain largely unexplored, despite known mineralisation on three that verify the potential for PGE, copper and nickel.

Washington's Northern Territory prospects too are relatively unexplored. There, the Company will benefit from the application of recently and soon to be released government data packages. Previous exploration has located gold, copper, bismuth and tungsten mineralisation in the terrains in which Washington has tenure.

Technical details of the Company's projects are provided in Section 4 and in the Independent Geologist's Report in Section 7 of this Prospectus.

Washington's project tenements are shown below.

Washington project tenements

Project name	Tenement number	Location	Beneficial interest	Status	Approx. area
Yarawindah Brook	E70/2301	WA	80%	Granted	4,362 Ha
Bindi Bindi	E70/2579	WA	80%	Granted	8,557 Ha
Bindi Bindi South	E70/2722	WA	80%	Granted	4,718 Ha
Newleyine	ELA70/2719	WA	100%	Application	13,444 Ha
Newleyine	ELA70/2720	WA	100%	Application	14,899 Ha
Ashworth	ELA70/2718	WA	100%	Application	14,270 Ha
Kurundi	EL23937	NT	100%	Granted	1,591.0 km^2
Kulgera	EL24204	NT	100%	Granted	1,523.0 km^2
Tanami-Granites	EL23934	NT	100%	Granted	303.3 km^2
Tanami-Granites	ELA23932	NT	100%	Application	1,617.0 km^2
Tanami-Granites	ELA23933	NT	100%	Application	348.9 km^2
Tanami-Granites	ELA24174	NT	100%	Application	1,621.0 km^2
Tanami-Granites	ELA24177	NT	100%	Application	402.0 km^2
Tanami-Granites	ELA24179	NT	100%	Application	169.0 km^2
Tanami-Granites	ELA24193	NT	100%	Application	233.9 km^2
Tanami-Granites	EL24166	NT	100%	Granted	291.5 km^2
Tanami-Granites	EL24178	NT	100%	Granted	204.2 km^2

In the above table, "Granted" means that the relevant tenement has been granted under the Mining Act and "Application" means that the relevant tenement has not yet been granted under the Mining Act.

Refer to the Solicitors' Report in Section 8 of this Prospectus for details concerning applications for tenements and ownership interests.

2.4 Directors and Consultants

Washington has three Directors, all of whom have extensive experience in mineral exploration and project development, as well as the management of public companies. At this stage in its development, the Company intends to have few employees at any one time. Rather, it will draw upon a pool of consultants selected by the Directors on the basis of their known geoscientific, engineering and other professional and technical expertise and experience.

2.5 Capital Structure

As at the date of this Prospectus, the issued capital of the Company is 16,600,006 Shares.

The proposed capital structure of the Company, assuming all Shares offered under this Prospectus are issued and none of the Existing Options are exercised, is as follows.

Shares

Existing Shares	16,600,006
Maximum number of Shares to be issued pursuant to this Prospectus (1)	15,000,000
Shares to be issued to McCleary as part consideration for tenement acquisition (2)	500,000
Maximum number of Shares that may be issued to Elegant Global (3)	4,000,000
Shares that may be issued to Sallies shareholders as consideration for the acquisition of shares in Sallies (4)	8,858,320
Total Shares on issue at completion of the Offer and the other issues referred to in this Prospectus (5)	44,958,326

Notes

(1) This assumes that the Offer is fully subscribed. If only the Minimum Subscription of $2,500,000 is achieved, then only 12,500,000 Shares will be issued and the total issued Shares upon completion of the Offer will be reduced.

(2) Refer to Section 8 of this Prospectus for further details.

(3) Shares to be issued to Elegant Global in recognition of its assistance in acquiring the McCleary mining tenements as detailed in Section 12.4(d) of this Prospectus. The number of Shares issued to Elegant Global will depend upon the amount raised under the Offer.

(4) Refer to Sections 6 and 12.4(a) of this Prospectus for further details.

(5) If Washington elects not to exercise its options to acquire shares in Sallies by 31 October 2005, the maximum number of Shares on issue, assuming that all of the 15,000,000 Shares offered under this Prospectus are issued, will be 36,100,006.

Rights attaching to the Shares are set out in Section 12.1 of this Prospectus.

Options

Existing Options (1)	5,425,000

Note

(1) Refer to Section 12.2 of this Prospectus for the terms of the Existing Options.

Convertible Note

On 11 November 2004, the Company issued to Dwyka a Convertible Note under which Dwyka could be issued a total of 2,500,000 Washington shares if a debt of $250,000 was not repaid by 30 June 2005. Dwyka has confirmed to the Company in writing that it will not exercise its rights to convert to equity until after the Shares are listed for quotation or 31 October 2005, whichever occurs earlier. (For details, investors should review Section 9 of this Prospectus and the summary of the Convertible Note Agreement in Section 12.4(c) of this Prospectus.)

2.6 Financial Information

The Company's Financial Information, and the basis of its preparation, are as set out in Section 9 of this Prospectus. The Independent Accountant's Report on the Financial Information is set out in Section 10 of this Prospectus.

2.7 Dividend Policy

Given the stage of exploration and development of the Company's mineral properties and the cash requirements to achieve such development, as well as the nature of its other investments, it is unlikely that Washington will be in a position to pay dividends in the short to medium term.

The Directors will consider an appropriate dividend policy once Washington has achieved the necessary profits. That policy will take into consideration the financial position of the Company, including the cash requirements for future exploration and development and its taxation position.

2.8 Investment Considerations and Risk Factors

An investment in Washington should be considered speculative, given the nature and stage of development of its mineral properties, the present status of the option to acquire equity in Sallies and the lack of operating history associated with the Dwyka Strategic Alliance.

Section 11 of this Prospectus sets out matters that the Directors recommend potential investors take into consideration before investing in Washington. That section includes an analysis of some of the risk factors associated with an application for the Shares offered hereunder. Investors should read this Prospectus in its entirety before making any investment decision in relation to Washington.

2.9 Directors' Interests

Details of the interests of each Director are set out in Section 12 of this Prospectus.

2.10 Corporate Governance Policy

The Board – which monitors the business affairs of the Company on behalf of the Shareholders, by whom its members are elected and to whom they are accountable – has formally adopted a corporate governance policy designed to focus the Directors' attention on accountability, risk management and ethical conduct.

It is Company policy that the Board will constantly review and monitor its performance in light of its corporate governance policy. As part of this process, the Board may seek to appoint persons who, in the opinion of the Board, can provide the specialist expertise the Board requires to adequately perform its role. Upon admission of the Company to the Official List of the ASX, the Board will review the Company's corporate governance policies and practices in light of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. Following this review, the Board will consider the suitability of any recommendations having regard to the Company's size and operations.

3. DIRECTORS AND MANAGEMENT

3.1 Members of the Board

The members of Washington's Board, details of whom appear below, have extensive experience in mineral exploration and project development.

Mr Adrian Griffin – Chairman and Managing Director

Mr Griffin, who graduated from the University of Melbourne in 1975, began his professional career by exploring for base metals in Tasmania. He went on to develop mine-planning, grade-control and exploration methods in iron ore for BHP.

In the 1980s, Mr Griffin was operations manager with a number of public companies involved in the mining and production of gold and base metals in Australia and south-east Asia.

In 1988, he managed the commissioning of underground production at the Bellevue Gold Mine.

Mr Griffin began consulting to the mining industry in 1990 and has held board positions with a number of public companies since then. His management experience, which is broad, encompasses exploration, financing, development, commissioning and the production of a wide range of mineral commodities.

Further, Mr Griffin is experienced in the lateritic nickel industry in Western Australia, and the hydrometallurgical extraction processes for PGE from oxides, silicates and sulphides.

A member of the Australasian Institute of Mining and Metallurgy and the Geological Society of Australia, Mr Griffin is currently on the boards of White Gold Mining Limited and Metal Sands Pty Limited, and is a founding director and shareholder of GFR Industries.

Mr Grant Button – Non-executive Director

Mr Button, a Certified Practising Accountant, has over 14 years' experience at senior management level within the resources industry. His roles have included those of executive director, finance director, chief financial officer and company secretary in a range of publicly listed companies.

Currently Commercial Manager of Dwyka, Mr Button is also a director of Sylvania Resources Limited.

In addition to his considerable experience in capital raisings, and in negotiating and finalising the acquisition and disposal of companies and project assets within the resources sector, Mr Button has considerable expertise in financial reporting and compliance and risk management, as well as other corporate governance matters. This, together with his professional background as an accountant, will complement the professional experience and attributes of the other members of the Washington Board.

Mr K. Scott Huntly –
Non-executive Director

Mr Huntly has worked in the mining industry for some 24 years.

Having started out as a mining surveyor in gold and platinum mines in South Africa, Mr Huntly went on to study Mining Engineering, obtaining a Master of Science degree from the University of the Witwatersrand.

As a mining engineer, Mr Huntly joined the Department of Minerals and Energy in South Africa. There, he held the post of Inspector of Mines in charge of all mining and prospecting ventures in the Northern Cape.

In 2000, Mr Huntly resigned from the Department to form his own consultancy. Since then, he has consulted for such public companies as Aquarius Platinum Limited, Dwyka and Sylvania Resources Limited (he is currently a director of the latter company).

Mr Huntly brings to Washington extensive experience in mining engineering and the economic evaluation of mining and exploration projects. In addition, he has extensive knowledge of the process of negotiating land rights with traditional land-owners.

3.2 Management of the Company

At this stage in its development, the Company will have, at any one time, only a few employees. It will draw upon a pool of consultants selected by the Directors on the basis of their known geoscientific, engineering and other professional and technical expertise and experience.

The Company has engaged the services of Mr Lindsay Cahill, a geologist, to plan and manage its exploration activities. Mr Cahill has more than 17 years' experience in the minerals exploration and mining industry and is a member of the AusIMM and the Australian Institute of Geoscientists. He has worked for a variety of small, medium and large minerals companies – including Newcrest Mining Limited, Preston Resources Limited and Highlands Gold Limited – within different mineral environments in Australia, Indonesia and Papua New Guinea.

Mr Bob Hair is Washington's Company Secretary. A lawyer with more than 21 years' professional experience, including 15 plus years working with small, medium-sized and large companies in the resources industries, Mr Hair has held several company secretarial and corporate counsel roles. He has also held commercial and general management positions in Australia, Papua New Guinea and Argentina.

4. PROJECT AND TECHNICAL OVERVIEW – EXPLORATION PROPERTIES

This section contains an overview of the Company's exploration projects in Western Australia and the Northern Territory (Figure 1). For further information, investors are referred to the Independent Geologist's Report in Section 7 of this Prospectus.

Washington's exploration portfolio was selected via the application of geological modelling to terrains in under-explored regions that exhibit features similar to known occurrences. This strategy has, for many companies, led to the discovery of mineralisation and, in some cases, resulted in producing mines. The Company will continue to review its strategy and expand its portfolio as required, in order to maintain a reasonable exploration risk profile.

4.1 Western Australian Projects

Washington's objective is to fully explore the known mineralisation at Yarawindah Brook (Washington 80%) (Figure 6), capitalising on geological concepts developed in relation to similar, recently discovered orebodies. The knowledge gained in this process will be used to evaluate known, and similar, mineralisation at Bindi Bindi (Washington 80%), Newleyine and Ashworth. Initially, Washington will focus on areas where PGE, copper and nickel mineralisation have been identified previously.

The Western Australian tenements lie in the prospective Jimperding Igneous Complex. This contains a number of discontinuous layered intrusive bodies with characteristics similar to commercial PGE deposits worldwide, including the Bushveld (South Africa), Norilsk (Siberia), Northmet (Minnesota), Suhanko (Finland) and Lac des Isles (Ontario) deposits. Of these, Washington believes that the latter three occurrences show a far greater similarity to the style of mineralisation identified at Yarawindah Brook than do the Bushveld and Norilsk deposits.

Discovery, only relatively recently, of the Northmet, Suhanko and Lac des Isles deposits was the result of less conventional technical assessments of those mineralised environments and the development of new geological models. These are yet to be applied to the Jimperding Igneous Complex, despite the known PGE and base-metal occurrences identified within that terrain.

Washington recognises the similarity between the environments hosting this new generation of PGE discoveries and the geological terrains it has selected for its portfolio, as Northmet, Suhanko and Lac des Isles all occur in intrusive bodies within igneous complexes. Commonly, mineralisation is associated with multiple pulses of magma injection, and structural features in the bodies often control higher-grade mineralisation. Prospective structures, which appear to be similar in nature to those that control mineralisation in the Suhanko deposit, were identified in 1987. High-resolution aeromagnetics flown by Washington support previous interpretations. They show a complex pattern of structural dislocations transgressing the mineralisation.

Significantly, although exploration within the Jimperding Igneous Complex has been limited, that which has been undertaken has been very successful in encountering mineralisation. This is a strong indicator of the potential of Washington's programs to discover further PGE occurrences. Indeed, such intrusions are the subject of Washington's tenement applications at Newleyine and Ashworth (Figure 7). Despite the modest dimensions of the prospective intrusives, analogy with the Finnish deposits in particular suggests there is scope for the discovery of large tonnages of economic mineralisation. More detailed evaluation of the Yarawindah mineralisation will be the first step towards achievement of this goal.

Within the Jimperding Igneous Complex, mineralisation has been identified in magmatic pulses of mafic to ultramafic composition. The Yarawindah prospect has shallow base-metal intercepts of up to 2.14% copper and 3% nickel. Intercumulus sulphides have a maximum tenor of 6% nickel. PGE tenors are also locally high, with one drill sample in laterite recording a total of 21.34 g/t Pt + Pd + Au.

Exploration of the Yarawindah deposit has revealed the presence of a structurally complex mafic-ultramafic body intruding along a pre-existing fracture. The intrusion, of pyroxenite to gabbroic composition, contains up to 5% sulphides consisting of pyrrhotite with minor amounts of chalcopyrite and pentlandite pyrite. Although the significance of structural controls on high-grade intercepts has

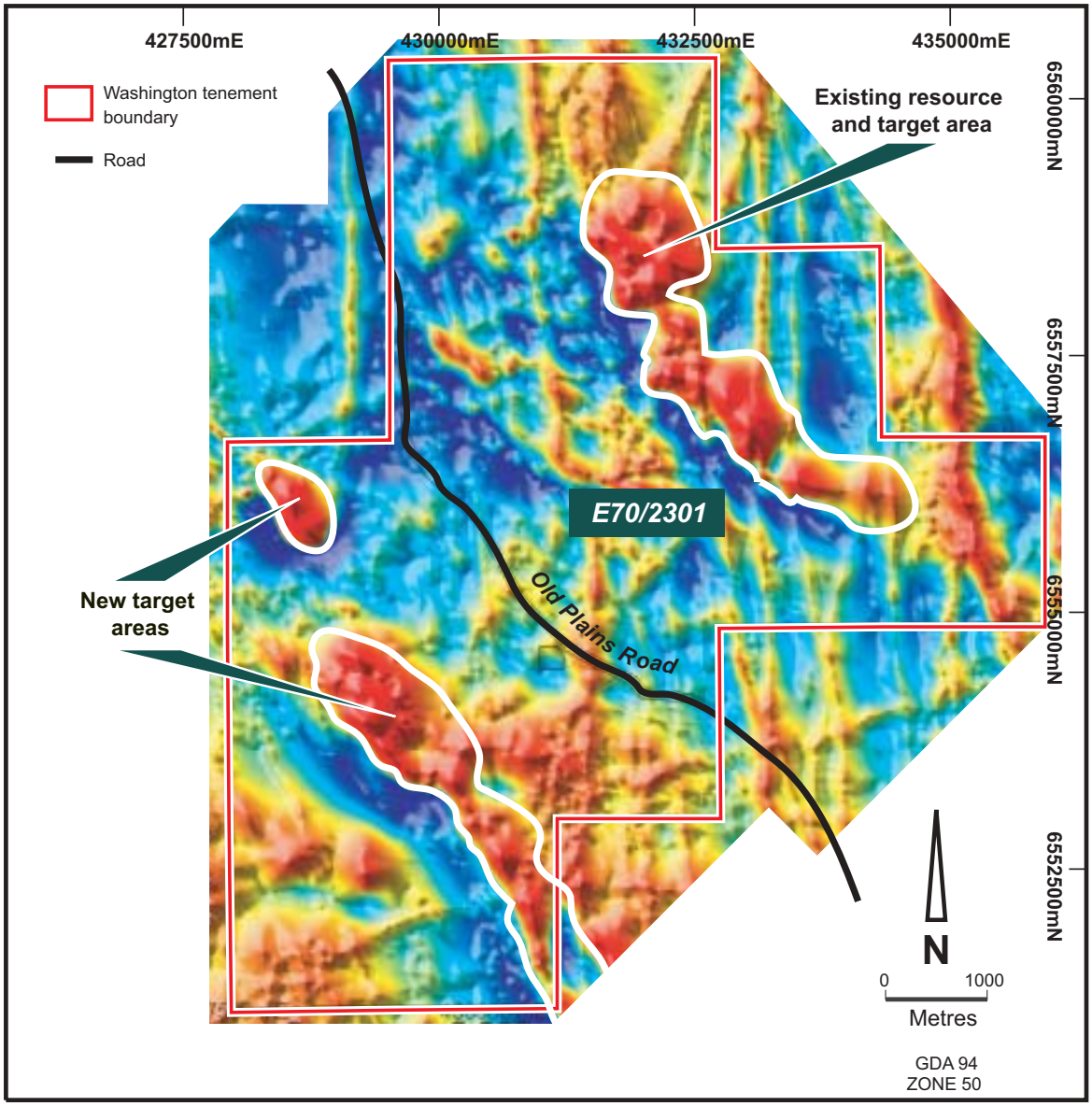


Figure 6. Yarawindah Brook prospect (total magnetic intensity) showing the similarity between the signatures of the Inferred Resource of 79,000 oz PGE and the new target areas.

not been emphasised by prior operators, it appears likely that such controls will form an important component of future target generation and evaluation.

It is significant, in the Washington portfolio, that exploration for PGE and/or base metals in intrusive bodies within the Jimperding Igneous Complex has successfully located mineralisation. The Company believes that further exploration of the mafic/ultramafic intrusive bodies of the Complex has the potential to reveal pervasive PGE and base-metal occurrences.

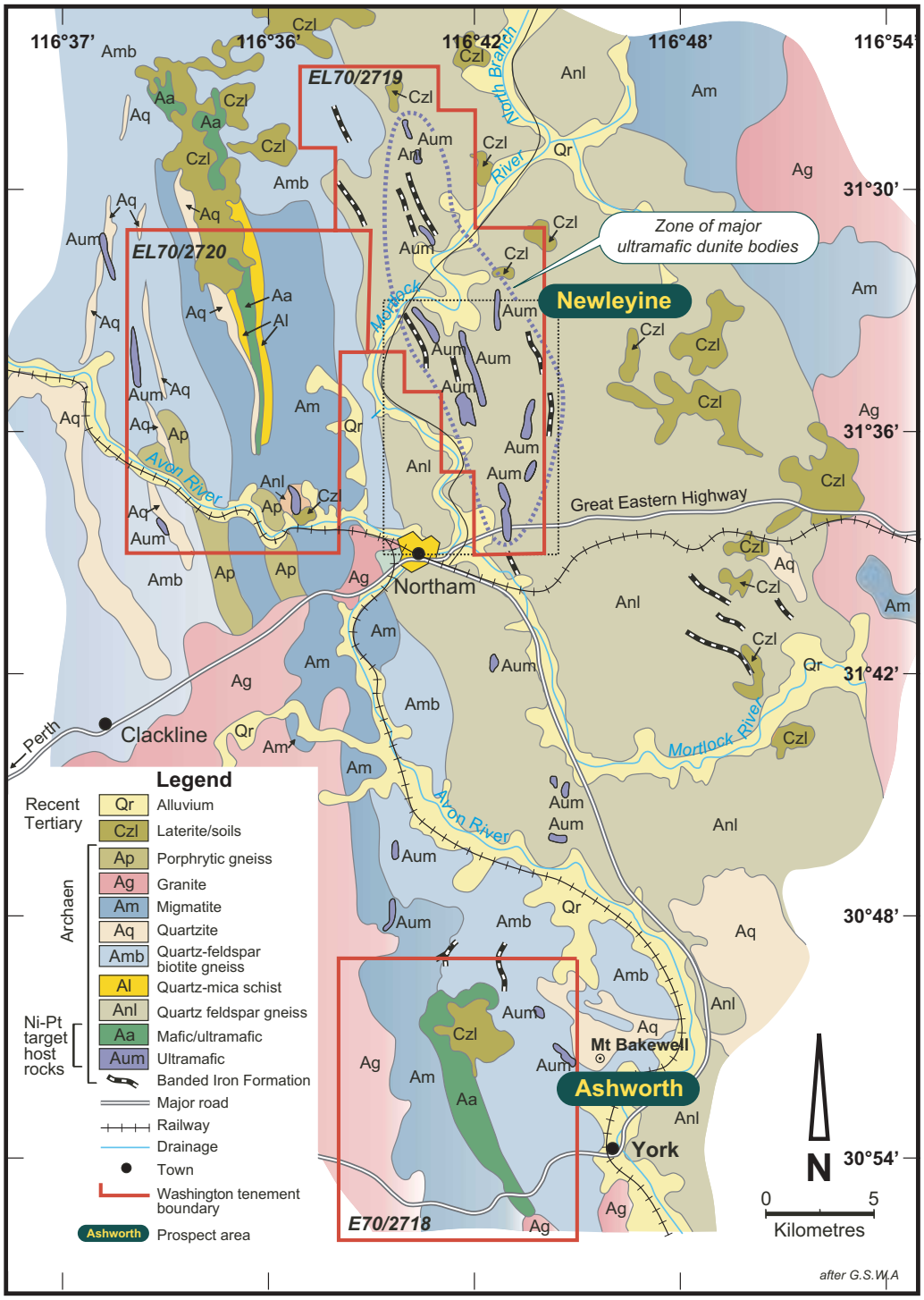


Figure 7. Geology of Washington's Newleyine and Ashworth targets.

4.2 Northern Territory Projects

The Company has acquired ELs and ELAs in the Northern Territory (Figure 4) that can be broadly divided into three prospect areas, as follows.

- Tanami-Granites – located in the Tanami Region and prospective for gold.
- Kurundi – situated approximately 110 km southeast of Tennant Creek and prospective for base metals and gold.
- Kulgera – situated in the east Musgrave Block, which is prospective for base metals.

The strategy of modelling known deposits, then utilising those models to find similar occurrences, is a proven exploration philosophy. In an effort to encourage detailed exploration in the Northern Territory, the Northern Territory Department of Primary Industry, in conjunction with the NTGS, has published resource models and supporting GIS databases. Publication of data on the Musgrave Block (in which the Company's Kurundi prospect is located) has been extensive. Much of the work in the Tanami-Granites Block is now complete and new data on the Tennant Creek and Davenport Provinces (which host the Kulgera prospect) is soon to be published. The Company believes that the availability of such data demands a fresh perspective in relation to mineralised occurrences and existing mines within these areas and sets a new benchmark from which to implement exploration.

Tanami-Granites

This is one of Australia's most successful recently developed gold provinces. Despite the implementation of major mining operations in the region, it remains sparsely explored and the Company believes the probability of future discoveries there is relatively high. Prior to the late 1980s, production from the Tanami region was small but, since then, new deposits have been found, including the Callie, Ground Rush and Coyote deposits. Callie – the largest known deposit (approximately 4 Moz), in the Dead Bullock Soak Goldfield – was discovered by vacuum drilling below thin cover in 1991. Despite the extensive resources and high levels of production in the region, the amount of research into controls on mineralisation there has been small, especially when compared with long-established mining centre areas such as the Eastern Goldfields of Western Australia.

Outcrop in the area is sparse (less than 5%) and gold occurrences are mostly covered by a regolith of transported sand and laterite. This has contributed to the lack of geological knowledge relating to the area, as has the fact that proprietary information on existing discoveries has been closely guarded. The lack of available data resulted in the Northern Territory government's initiative to develop genetic models for the gold mineralisation and foster exploration in the area. The main objective of this project has been to develop a model for the regional stratigraphic, structural, lithological and tectonothermal controls in gold mineralisation of the Tanami region. The NTGS commenced detailed studies of the gold deposits in June 1999, with Geoscience Australia joining in July 2000, under the National Geoscience Agreement. This led to fluid inclusion, stable isotope and alteration studies, indicating that the mineralisation at Tanami formed under epithermal regimes, whereas The Granites and Callie resulted from a mesothermal process involving high-temperature brines. While three distinctive structural styles of mineralisation have been identified, each is constrained stratigraphically and associated with late-stage structural events in which granite plutons have provided a buttress during deformation. The recent work lays a sound framework of structural and geochemical information that can be used to focus advanced exploration programs.

The stratigraphic and structural controls provide a locus of likely mineralised targets, and recent gravity and magnetic surveys are a means of interpreting geology below surficial cover. Most of the identified mineralisation sits on conspicuous magnetic highs (Figure 8). Many of these zones are adjacent to gravity highs that reflect the prospective host horizons (Figure 9). Interpretation of these signatures suggests that extensive areas within the Company's tenure exhibit features very similar to known deposits. In the northeast of the prospect area, the more subdued magnetic response indicates that one of the prospective horizons, the McFarlane Peak Group, sits beneath a thin veneer of younger Birrindudu Group. Despite the likely depth of cover, magnetic modelling reveals some structural dislocations that provide sound initial exploration targets (see Figure 8).

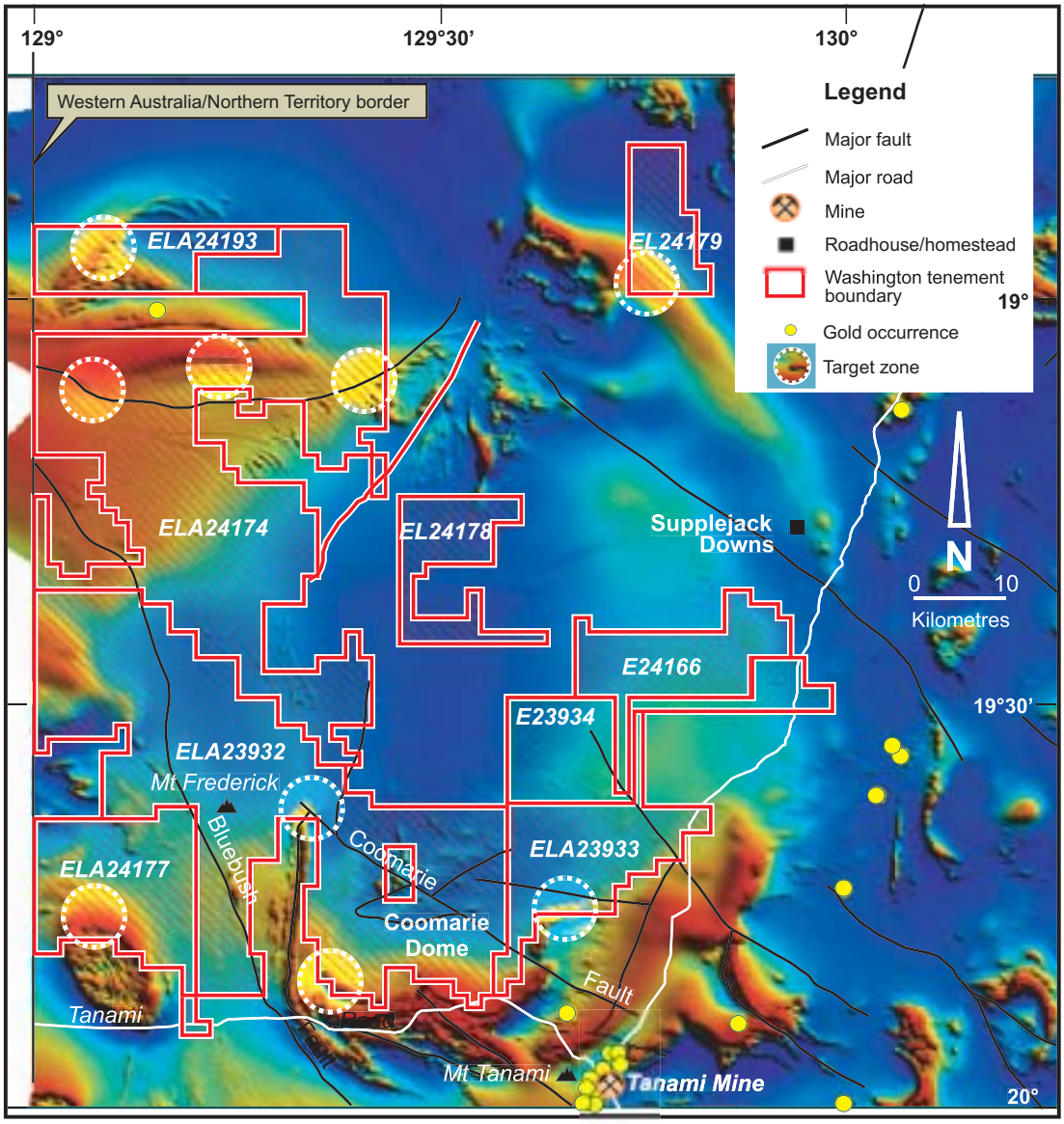


Figure 8. Washington's targets in the Tanami-Granites region are contained within magnetic horizons that host many of the area's major gold discoveries.

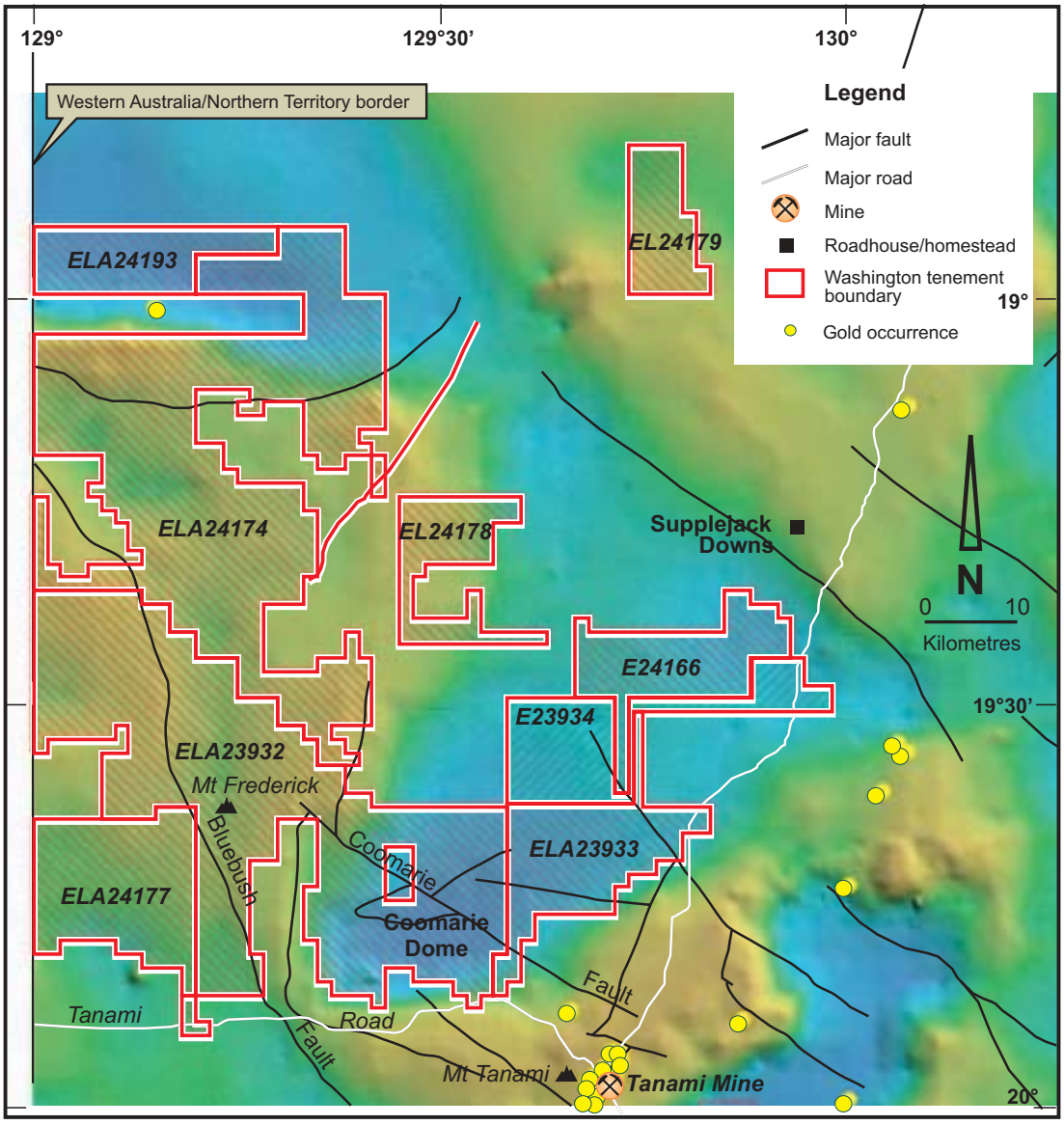


Figure 9. Mineralisation in the Tanami-Granites region is associated with high-density lithologies, which form the gravity highs.

Kurundi

Washington's Kurundi prospect is approximately 110 km southeast of Tennant Creek (Figure 4). The region is prospective for both base metals and gold, with all known occurrences restricted to the oldest rocks, the metasedimentary rocks of the Warramunga Formation. North of the Kurundi prospect, these rocks are host to the ironstone-gold-copper-bismuth mineralisation of the Tennant Creek goldfield. Deposits are typically of high-grade gold/copper associated with magnetite or hematite. The Warramunga Formation outcrops in the southwest of the tenement. Mineralisation has been identified along well-developed structural lineaments that provide prospective conduits for ore-forming fluids. Granites contained within the tenement area form part of the Tennant Creek Supersuite and, while generally considered to be of low prospectivity, do host the Mosquito Creek tungsten deposits in the west of the EL.

A major regional project begun by the NTGS has focused on the Tennant Creek Region, which it defines as "pre-Barramundi basement of the Warramunga Province and unconformably overlying Palaeo to Mesoproterozoic North Australian Platform Cover successions of the Devonport and Ashburton provinces, to south and north, respectively."

The NTGS project aims to integrate all geoscientific data derived from regional geological, geochemical, geophysical and metallogenic studies over the entire Tennant Region. Hence, it will provide a revised geological base for future gold and base-metal exploration, producing comprehensive geoscientific data sets as well as a review of the metallogenic history of the region. The latter – which is to include assessment of potential extensions of classic Warramunga gold-bismuth-copper models in areas with no discoveries to date – will thus provide a geological framework of the Tennant Region relevant to the investigation of geological relationships with the mineralised systems and correlation of these to the mineralised systems of the Tanami Region. The project's final output is to include a GIS package, complete with both outcrop and bedrock geology, radiometrics, aeromagnetics, structure and mineralisation, all of which should greatly benefit Washington's exploration efforts.

Preliminary targets based on aeromagnetics have been developed (Figure 10). Wyborn *et al* (1998) considered the mineralisation in the Tennant Creek Region to be associated with the emplacement of the plutonic components of the Treasure Suite. If they are correct, the Kurundi prospect may prove a key location due to the abundance of Treasure Suite and structural dislocations, which might in themselves form traps for gold mineralisation. Work undertaken in the 1980s led to the discovery of polymetallic, vein-related uranium, gold, nickel and cobalt mineralisation on ground now controlled by Washington. Then, during the 1990s, gold-bearing quartz veins were also discovered there, which further supports the exploration potential of the area.

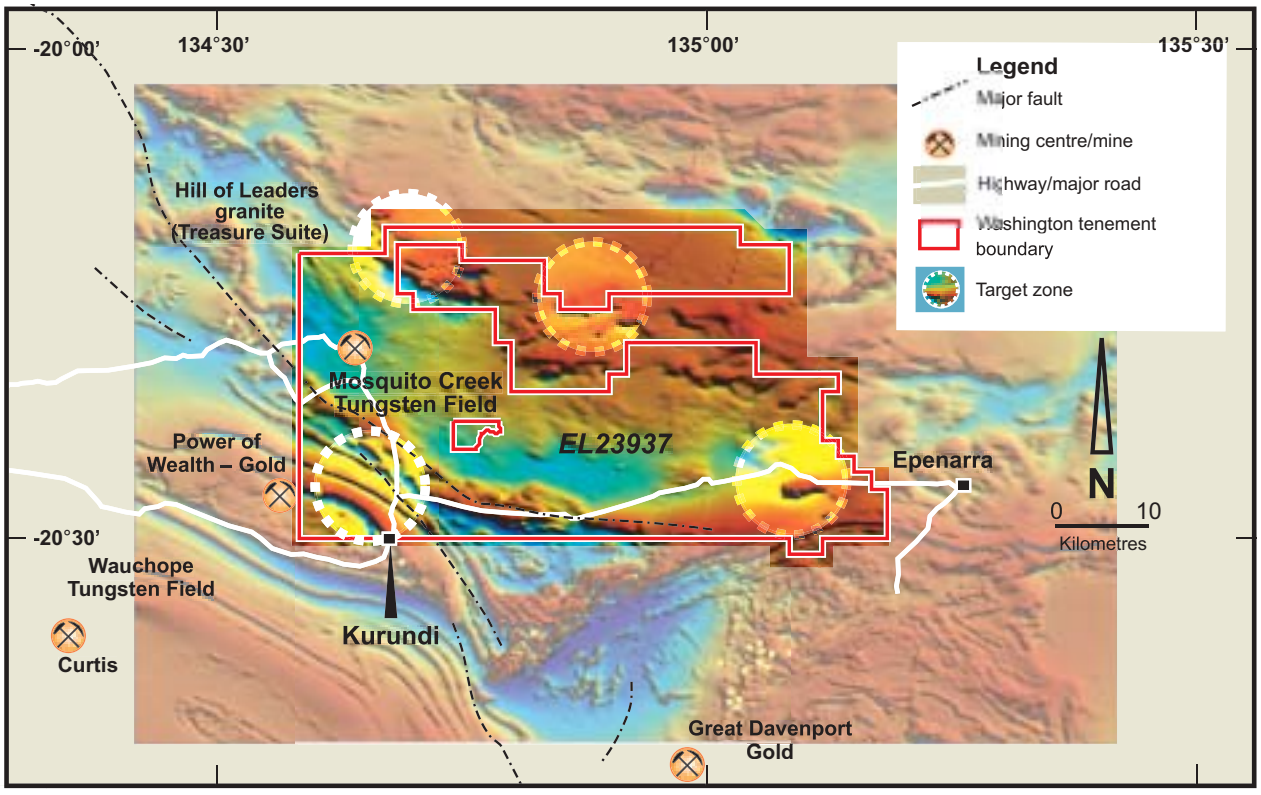


Figure 10. Washington's Kurundi prospect showing magnetic target horizons.

Kulgera

A Proterozoic orogenic zone with similar genesis to the Tennant Creek and Tanami Regions, the Musgrave Block consists of an extensive basement inlier that has expression in South Australia, Western Australia and the Northern Territory. In the latter, the oldest exposed rocks in the Block are Mesoproterozoic gneisses that have intrusive, volcanic and rare sedimentary precursors. The Company's tenement, which covers 1523 km^2, is about 250 km by road south of Alice Springs, adjacent to the NT/SA border (Figure 4).

The Musgrave Block has been the site of the most significant of the new nickel discoveries, primarily in the Giles Complex in the Western Australian sector of the Block. While Washington's Kulgera prospect (Figure 11) shows many of the features displayed elsewhere in the Musgrave Block, there has been little exploration to date. However, a number of NTGS diamond drill holes completed in the area may provide some comparative information. A coincident nickel-copper-cobalt anomaly – the Sundown Prospect – exists over 5 x 3 km on exploration tenure covering ground similar to Washington's but on the South Australian side of the border. The anomaly occurs on a north-northeast trending magnetic high, interpreted to be intrusive, of the type hosting PGE and base-metal mineralisation in the Giles Complex to the west.

In 1997, also on the South Australian side of the border, remote sensing techniques were used in an effort to locate concealed layered intrusive within the Giles Complex. The targets were Norilsk style mafic/ultramafic bodies. Intrusive bodies of this type have hosted some of the largest known base-metal and PGE occurrences. In all, some 13 anomalies were reported. However, none was investigated due to land access issues.

In 2002, the tectonic environment conducive to the emplacement of such intrusives was confirmed by the South Australian Department of Primary Industries and Resources (Report Book, 2002/00031). Areas examined included Kulgera. The report concluded that "Delineation of the extent and tectonic setting of the Giles Complex has highlighted the potential for significant nickel sulphide mineralisation within the Musgrave Block, outside of the currently known mineralised areas."

The access to favourable geological terrains afforded by Washington's existing tenement portfolio, together with identified mineralisation, sound geological models and focused exploration philosophies, provides the thrust required for successful exploration.

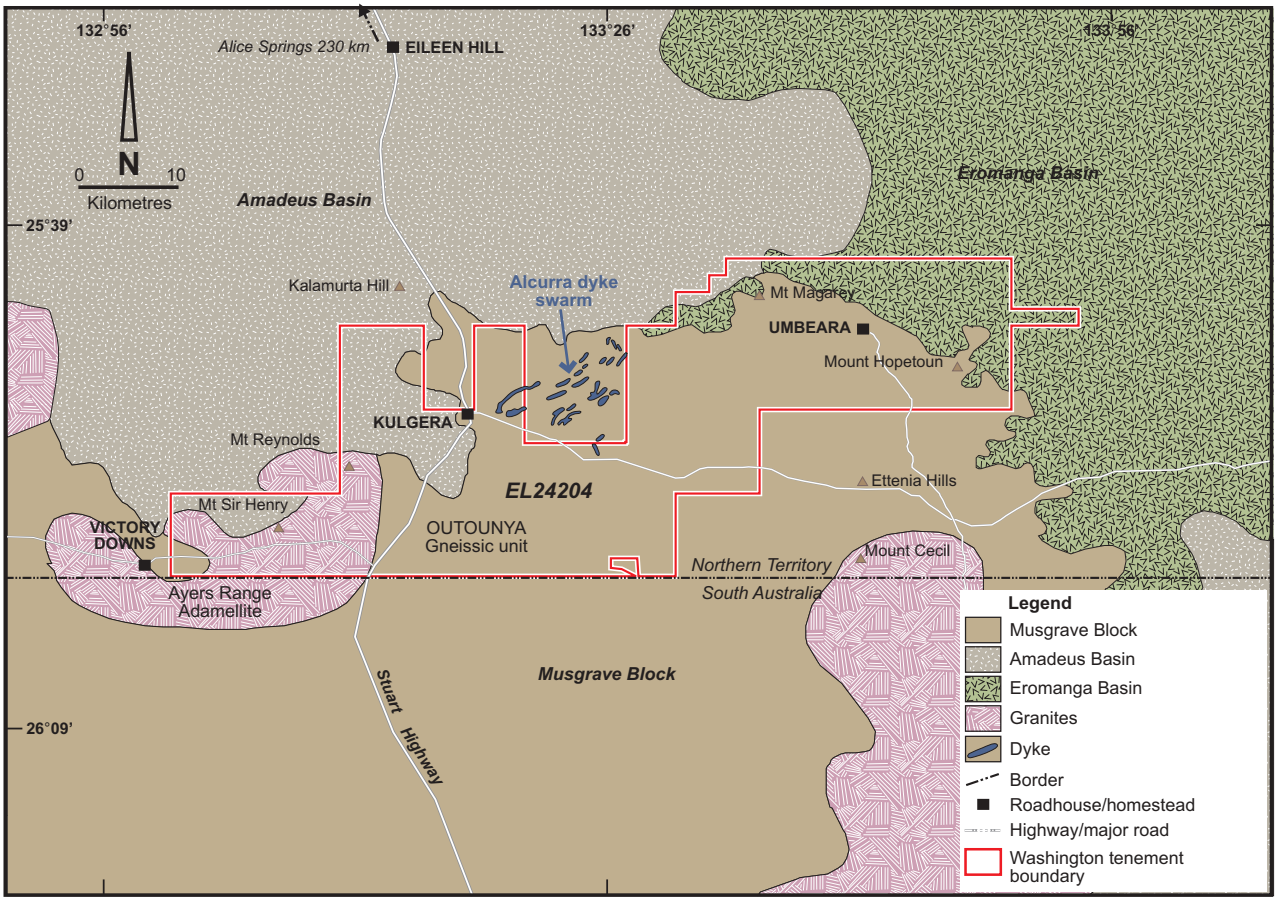


Figure 11. Geology of Washington's Kulgera prospect.

5. DWYKA STRATEGIC ALLIANCE

5.1 Introduction

Washington, since its incorporation, has developed a strong association with Dwyka, which is listed on the ASX (ASX: DWY) and the Alternative Investment Market of the London Stock Exchange (AIM: DWY.L) and has its corporate headquarters in Perth, Western Australia.

In addition to diamond interests in India and South Africa, Dwyka has industrial businesses in South Africa's Kimberley region, where it is involved in the manufacture of bricks, paving stones and other materials. Dwyka's South African operations also incorporate Biz Afrika and Supermix Mining, with the former 30% owned by Dwyka's Black Economic Empowerment partner, Kolong Investments.

Dwyka – which was instrumental in introducing the Sallies opportunity to Washington and is a holder of shares in that company – has granted Washington an option to purchase its Sallies shares under the terms of the Sallies option agreements. Prior to the date of this Prospectus, Dwyka had already presented a number of other opportunities to Washington. At the time, the Company could not avail itself of any of these, owing to its embryonic stage of development. However Washington did, and does, clearly recognise the potential of a partnership with a listed company that has operating infrastructure in southern Africa.

5.2 Benefits of the Strategic Alliance

Recognising the potential of the exploration properties it holds, Washington has entered into a Strategic Alliance with Dwyka, the intention being to benefit both entities. (The legal framework of the Strategic Alliance is outlined more fully in the description of material contracts in Section 12.4 of this Prospectus.)

Washington plans to increase its exposure to opportunities in Africa, and the Strategic Alliance provides it with a number of significant advantages in the region. Principal among these, in the Company's view, is access to:

- established corporate support in Australia, London and Africa;
- a wide range of project opportunities, and
- Black Economic Empowerment structures.

Thus, Washington believes the arrangement with Dwyka can provide it with geographic and commodity diversity, as well as a natural hedge against changing market conditions.

To give effect to the Alliance, Washington will:

- provide access to a pool of seasoned industry professionals, coordinated by the Company's chief executive officer;
- assess the merits of projects presented to the Alliance by Dwyka;
- at its discretion, accept or reject proposals from Dwyka and, if a proposal is accepted, present strategic plans to a nominated review committee;
- develop and manage exploration and development opportunities to the mutual benefit of the Alliance, in accordance with agreed plans approved by the nominated review committee;
- raise the capital required to fund projects in accordance with approved plans, and
- coordinate all exploration, research and development activities on Alliance projects.

In return for the services provided by Washington, as described above, Dwyka will offer the Company for assessment as an exclusive Alliance project any prospect in Africa that Dwyka wishes to expose.

To enable Washington to advance its plans, Dwyka, as an integral part of the Strategic Alliance, has entered into a Convertible Note Agreement that provided the Company with $250,000 of working capital and Dwyka with a leveraged position against its success.

6. POTENTIAL INVESTMENT IN SALLIES

6.1 Introduction

During 2004, Washington was presented with an opportunity to invest in the share capital of Sallies, a fluorspar producer listed on the JSE, South Africa. To ensure that adequate due diligence can be undertaken and appropriate commercial advice obtained, Washington has secured the right to invest by way of option agreements, with a final decision to be made once the Company has been listed on the ASX.

Washington has the right to acquire 26,572,961 shares in Sallies. There are, as at the date of this Prospectus, approximately 257 million Sallies shares on issue. Accordingly, based on the current issued capital of Sallies, Washington has the right to acquire approximately 10% of the issued capital of that company. Washington considers this an investment of merit primarily due to:

- the potential for an increase in fluorspar demand due to the expanding Chinese economy, and
- the recent appointment to Sallies of a specialist management team focused on an aggressive reduction in costs and expanding production and international sales.

Washington has its option rights through seven (7) option agreements, details of which can be found in the description of material contracts in Section 12.4(a) of this Prospectus.

6.2 The Witkop Mine

Sallies' sole asset is the Witkop fluorspar mine near Zeerust in the North West Province of South Africa (Figure 12).

Fluorspar, an essential component of the flux used in aluminium smelting, is also the source of the fluorine in hydrofluorocarbons, which are used as refrigerants and propellants in aerosols. In addition, fluorspar is utilised in non-stick cooking pots (such as Du Pont's Teflon), in fireproof plastics and, in small quantities, in a host of other every-day products.

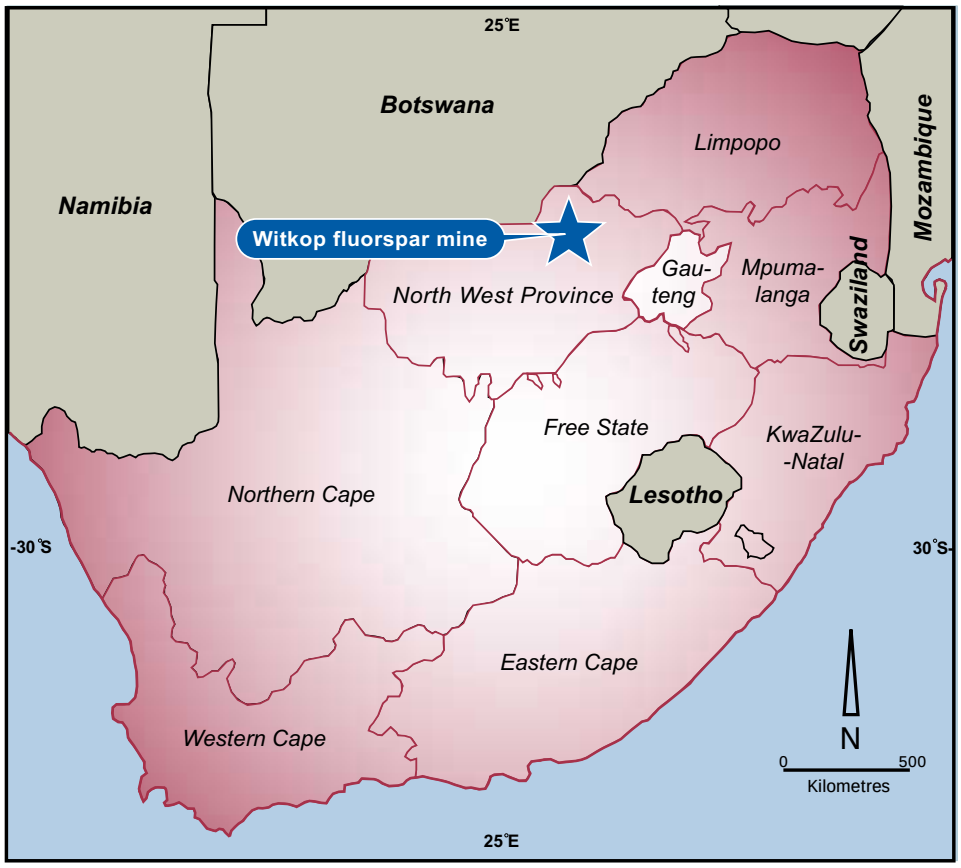


Figure 12. Location of the Witkop fluorspar mine in South Africa.

South Africa, the world's largest fluorspar producer, controls 10% of known fluorspar resources.

Sallies acquired Witkop as a producing mine in 2000, for ZAR 74.75 million, by corporate takeover. Since then, Sallies has disposed of all other assets acquired in that takeover. At the time of Sallies' acquisition, output at Witkop was about 103 kt of fluorspar per annum, the mine having historically supplied about 2.5% of the world's acid-grade fluorspar. At prevailing production rates, its projected mine life at the time was 17 years, with most of its product sold to the United States.

Today, the expanding Chinese economy provides much of the potential upside for buoyancy in the fluorspar market, and Sallies' recent successful expansion into European markets may also be of long-term strategic benefit.

To assess the commercial potential of an investment in Sallies, Washington has commissioned an expert – Venmyn Rand, a South African company specialising in the provision of advisory services to the mining industry – to evaluate Sallies and determine the risks involved in such an investment.

6.3 Risks

During the term of its options to acquire Sallies stock, Washington – with assistance from Venmyn Rand – will assess the key areas of risk and potential reward associated with an investment in Sallies. Those areas will include the following.

- Operating performance.
- Expansion ramp-up.
- Resource sustainability.
- Hedging.
- Exchange-rate impact.
- Fluorspar market trends.

The resource currently mined at Witkop does not comply with the JORC Code. As a resource assessment to a JORC-compliant standard is beyond the scope of the review, Washington will make a subjective judgement on the basis of information available in the public domain.

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Australian & International Exploration
& Evaluation of Mineral Properties

7. INDEPENDENT GEOLOGIST'S REPORT

The Directors

9 July 2005
Washington Resources Limited
Level 1, 22 Oxford Close
Leederville WA 6007
AUSTRALIA

Dear Sirs

INDEPENDENT GEOLOGIST'S REPORT

At the request of Washington Resources Limited ("Washington" or "the Company"), we have prepared this Independent Report for inclusion in a prospectus to be issued by Washington on or about 19 August 2005. The Company seeks to raise A$3,000,000 by issuing 15,000,000 fully paid shares at an issue price of 20 cents each.

This report has been prepared using the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("the Valmin Code"), which is binding upon members of the Australasian Institute of Mining and Metallurgy ("AusIMM").

The reporting requirements place emphasis on competence, independence, transparency and public material disclosure, such that an informed, impartial reader can make a judgement as to the merit or otherwise of the projects described in this Prospectus.

Al Maynard & Associates ("Maynard"), an independent geological and exploration consultancy, has operated continuously since 1982.

Maynard has been responsible for the preparation of numerous independent geological reports and valuations for prospectuses and other purposes relating to mineral projects, both within Australia and overseas. For the purposes of this report, all the West Australian properties were recently inspected by the writer (Mr A Maynard) and several of the Northern Territory properties were visited in the recent past in conjunction with other clients.

Maynard has satisfied itself, and Washington has warranted in writing, that all material information in the possession of the Company has been fully disclosed to Maynard. A draft version of this report has been provided to the Directors of Washington for comment in respect of omission and factual accuracy.

The current ownership status and legal standing of the tenements, as listed in the Prospectus, are dealt with in the separate Solicitors' Report contained in Section 8 of the Prospectus. Maynard has not independently verified ownership and current standing and is not legally qualified to do so; however, ownership details recorded in the registration section of the relevant authorities have recently been sighted.

Maynard has not attempted to establish the legal status of the tenements with respect to native title or any relevant environmental or access restrictions. The legal status of the tenements with respect to native title is the subject of the Solicitors' Report in Section 8 of the Prospectus.

Allen J. Maynard is a Corporate Member of the AusIMM and a Member of the Australian Institute of Geoscientists. He has the necessary relevant experience and competence to be considered an 'Expert' under the definitions provided by the Valmin Code; namely, 25 years' experience in mineral exploration and evaluation and more than 20 years' experience in mineral asset valuation.

Neither Maynard nor any of its employees or associates has any material interest, direct, indirect or contingent, in Washington, nor in any of the mineral properties included in this report, nor in any other Washington asset; nor has any such interest existed in the past. Maynard has had no input into the formulation of any of the mineral tenements under review, and is not operating under an Australian financial services licence in providing this report.

The Company has warranted to Maynard that none of the information provided is confidential and not to be disclosed in our report. This report includes information from several previous 'open file' geological reports and none of the authors of those previous reports has consented to the inclusion of that information in this report as it was not intended for inclusion in a prospectus.

Fees for the preparation of this report are being charged at current commercial rates, with expenses reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions of this document.

Maynard is of the opinion that Washington has in place satisfactory and clearly defined exploration programs and expenditure allocation, all of which are reasonable having regard to the stated objectives of the Company. The exploration work, including data review and research, that has taken place within the past two years is sufficient to justify the budgeted work programs.

Neither the Company nor Maynard was involved in any part of the previous exploration of the project areas being reported on hereunder. Information used in the preparation of this report included that provided by Washington, together with open file data and company reports held by the relevant government departments.

Yours faithfully

Allen J Maynard
BAppSc (Geol), MAIG, MAusIMM

Contents

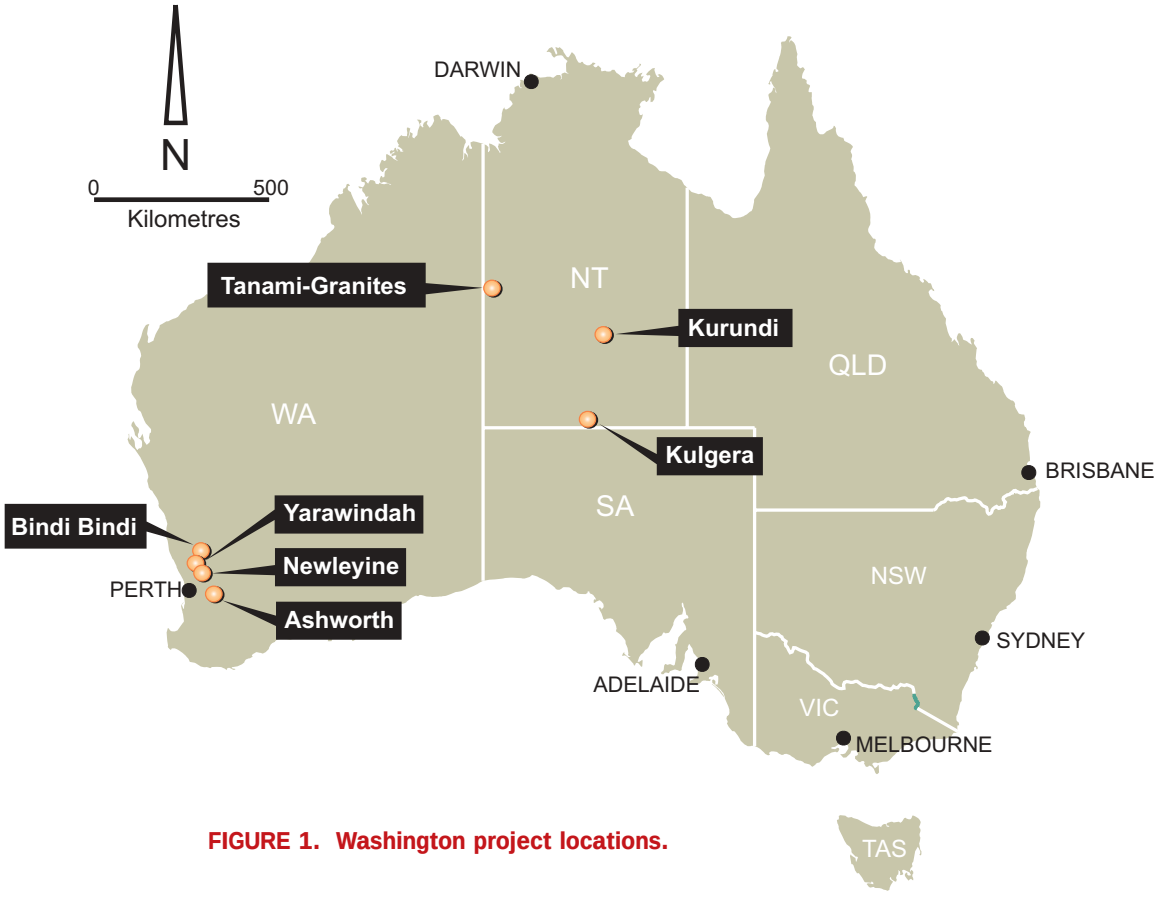


FIGURE 1. Washington project locations.

1. OVERVIEW

The Company has established a project portfolio located in Western Australia and the Northern Territory of Australia. That portfolio includes Exploration Licences ("ELs" or "Es") and Exploration Licence Applications ("ELAs"), which cover in total an area of 9371 km^2 (Figure 1).

After listing on the ASX the Company will have raised a minimum of A$2,500,000 and a maximum of A$3,000,000. Exploration expenditure has been budgeted for granted tenure as follows.

ALLOCATION OF FUNDS	Minimum subscription	Maximum subscription
Exploration programs – Western Australia		
Yarawindah Brook	$220,000	$437,000
Bindi Bindi	$129,000	$296,000
Exploration programs – Northern Territory		
Granites	$149,000	$198,000
Kulgera	$62,000	$234,000
Kurundi	$70,000	$245,000

These budgets will be reviewed and modified in accordance with exploration success and the grant of pending exploration licence applications. In the absence of reaching the maximum subscription, the budgets will be pro rated between the maximum and minimum amounts shown above. The detailed budgets provided below assume that the maximum subscription is achieved.

1.1 Western Australian projects

In Western Australia, the Company has acquired and/or applied for ELs totalling 446 km^2, in four prospect areas covering portions of the Jimperding Igneous Complex ("JIC") in the South West Mineral Field of Western Australia (Figure 2). The tenements are located at Bindi Bindi, east of Moora, Yarawindah Brook, near Calingiri, Newleyine, near Northam, and Ashworth, near York.

Over the past 50 years, exploration of Archaean rocks in the South West Mineral Field has seen the development of a world-class mineral province hosting both precious and base-metal mineral deposits. These include the following.

- One of the world's largest gold deposits, at Boddington, hosted by the Saddleback Greenstone Belt, which to date has produced over 4 Moz of gold and still has resources, currently reported as 726 Mt grading 0.84 g/t Au and 0.11% Cu for a contained 19.7 Moz of gold and 800,000 t of copper.
- The world's largest zone of rare metal pegmatite, the tantalite-bearing resource of which totals 223 Mt grading 221 g/t tantalum pentoxide ("T_2O^5") for 108 million pounds of T_2O^5.
- Bauxite reserves in excess of 3,000 Mt supplying 40 Mt of bauxite ore to three alumina refineries, all located south of Perth at Pinjarra, Wagerup and Worsley respectively. Western Australia is now the world's largest supplier of alumina.

In addition to Archaean hosted deposits, near-surface Permian and recent fossil sand-dune deposits host coal at Collie (200 Mt) and mineral sands (ilmenite, zircon and rutile) from two major producers, totalling nearly 900 Mt grading about 7.6% heavy minerals, at a number of locations extending from Capel in the south to Eneabba in the north (Figure 2). Additional similar deposits of heavy minerals totalling some 2000 Mt of variable grades occur intermittently along the West Australian coastal strip as far north as Dongara, some 350 km north of Perth.

In 1978, following publication of 1:250,000 scale maps by the Western Australian Geological Survey ("GSWA"), the highly prospective JIC was identified.

This suite of Archaean-aged rocks extends from just south of York to north of Moora, a distance of more than 250 km. The complex, which is up to 50 km wide, comprises largely quartzite, metasedimentary gneisses, migmatites and intrusive mafic-ultramafic rocks in structurally complex settings. The mafic-ultramafic rock types are very poorly exposed, which previously precluded conventional prospecting by rock-chip sampling.

The mineralisation is hosted by a mafic-ultramafic raft (4.0 x 0.75 km) within the JIC (Wilde, 1980). Locally, the Archaean basement comprises quartz-feldspar-biotite gneiss, quartz-mica schist and coarse-grained metaquartzite. The mafic-ultramafic body strikes north-northwest and appears to dip 20 to 30 degrees to the east. The eastern contact is conformably overlain and partly intercalated with coarsely recrystallized metaquartzites and minor metapsammites that extend laterally over at least 4 to 5 km and resemble those exposed near Toodyay (Cornelius, 1989).

Although laterite and soil obscure most of this complex, exploration to date has identified primary nickel-copper-iron ("Ni-Cu-Fe") sulphide mineralisation at a number of locations within the Washington ground. Primary platinum group elements ("PGE") approaching economic concentrations – some of which occur in the Washington portfolio – have also been recorded. Previous exploration demonstrates the potential of the Complex as prospective for both primary PGE and Ni-Cu-Fe sulphide mineralisation.

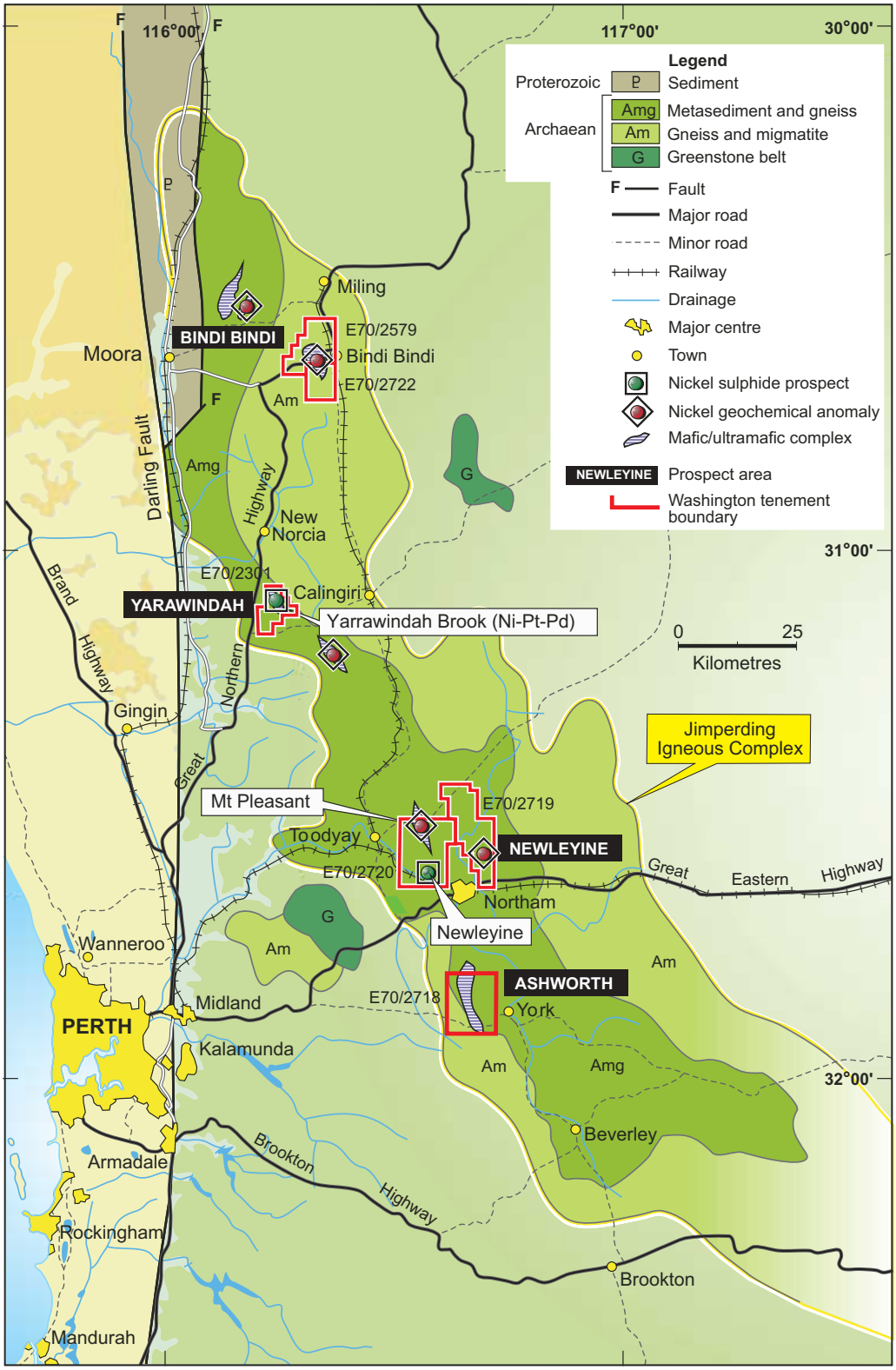


Figure 2. Location of Washington prospects, Western Australia.

1.2 Northern Territory projects

Washington has granted tenements and pending applications in three prospective regions of the Northern Territory (Figure 3).

The Company's Tanami-Granites prospect – comprising nine tenements covering a total area of 5190.8 km^2 – is located 65 km northwest of Newmont's Tanami Gold Mine. This ground includes a wide variety of favourable (for gold-mineralisation) host rocks and structures. Major structures – the Bluebush and Coomarie Faults and sub-parallel Pargee Fault – are located within ELA 23932. Such structures are reported as being the most significant control for localisation of gold mineralisation in the Tanami area.

To the north, ELA 24174 covers folded sediments and basaltic rocks overlying prospective MacFarlane Peak Group sandstones and mafic volcanics. To the south, ELAs 24177 and 23932 cover prospective granite intrusions; namely, the Frederick Granodiorite and Coomarie Suite granite. Recent drilling by the NTGS has encountered a number of gold anomalies from the Coomarie Suite.

Between these two granitoid intrusions, highly folded and faulted MacFarlane Peak and Tanami Group rocks are favourable sites for delineation of gold mineralisation.

According to recent work by the NTGS (NTGS – GS 2000-13, Hendricks *et al*, 2000), significant gold prospects and operating mines in the Tanami Region are hosted by the MacFarlane Peak Group, Tanami Group, Mount Charles Formation and Nanny Goat Volcanics, as well as the Winnecke and Granite Suites. Exploration by others over part of the Company's tenement areas adjacent to the Western Australian/Northern Territory border delineated a number of gold anomalies that are still to be tested by drilling.

Washington's Kurundi prospect, comprising EL 23937 and covering a total area of 1,591 km^2, is located about 110 km southeast of Tennant Creek in the Northern Territory. The first recorded mining commenced in 1917, when wolfram was found in the Wauchope area.

Further discoveries of wolfram followed, at Mosquito Creek and Hatches Creek. Prospecting for uranium, copper and lead has been conducted in the Kurundi District, while gold has been mined at the Power of Wealth and Great Davenport Mines, just west and south of the tenement.

Although several companies have undertaken regional exploration, no comprehensive evaluation or drilling is known to have been carried out and the mineralisation potential of the area is yet to be fully assessed. The basis for the acquisition of EL 23937 was the known gold mineralisation in the vicinity of the Kurundi and Power of Wealth mines.

Recent studies of aeromagnetic data by the NTGS indicate that Warramunga Group rocks underlie recent soil cover, which covers much of EL 23937. These rocks in the Tennant Creek area are the host to both precious and base-metal mineralisation. In the prospect area, Warramunga Group rocks are located in structurally complex settings of the Kurundi Anticline and the McClaren Syncline and provide prime exploration targets.

The Kulgera prospect, EL 24204, which covers an area of 1523 km^2, is located adjacent to the Northern Territory/South Australian border, about 250 km by road south of Alice Springs.

The tenement is situated at the eastern end of the largely unexplored prospective Musgrave Block, which contains a diversity of geological environments and extends for approximately 60,000 km^2 across the northwest corner of South Australia and over the border into the Northern Territory and Western Australia. Proterozoic blocks represent some of the most prospective terrain for mineral exploration in Australia and include the Mt Isa Inlier, Broken Hill, the Granites-Tanami Block, the Gascoyne Complex and the Tennant Creek Inlier.

There is no evidence of past exploration within the tenement. However, a number of diamond drill holes have been completed by the NTGS; namely, K9, K11, K12, K13 and K15-17. It is believed that examination of these drill logs, together NTGS geophysical airborne surveys, will provide valuable information on the geological structure and mineral exploration of the underlying rock types.

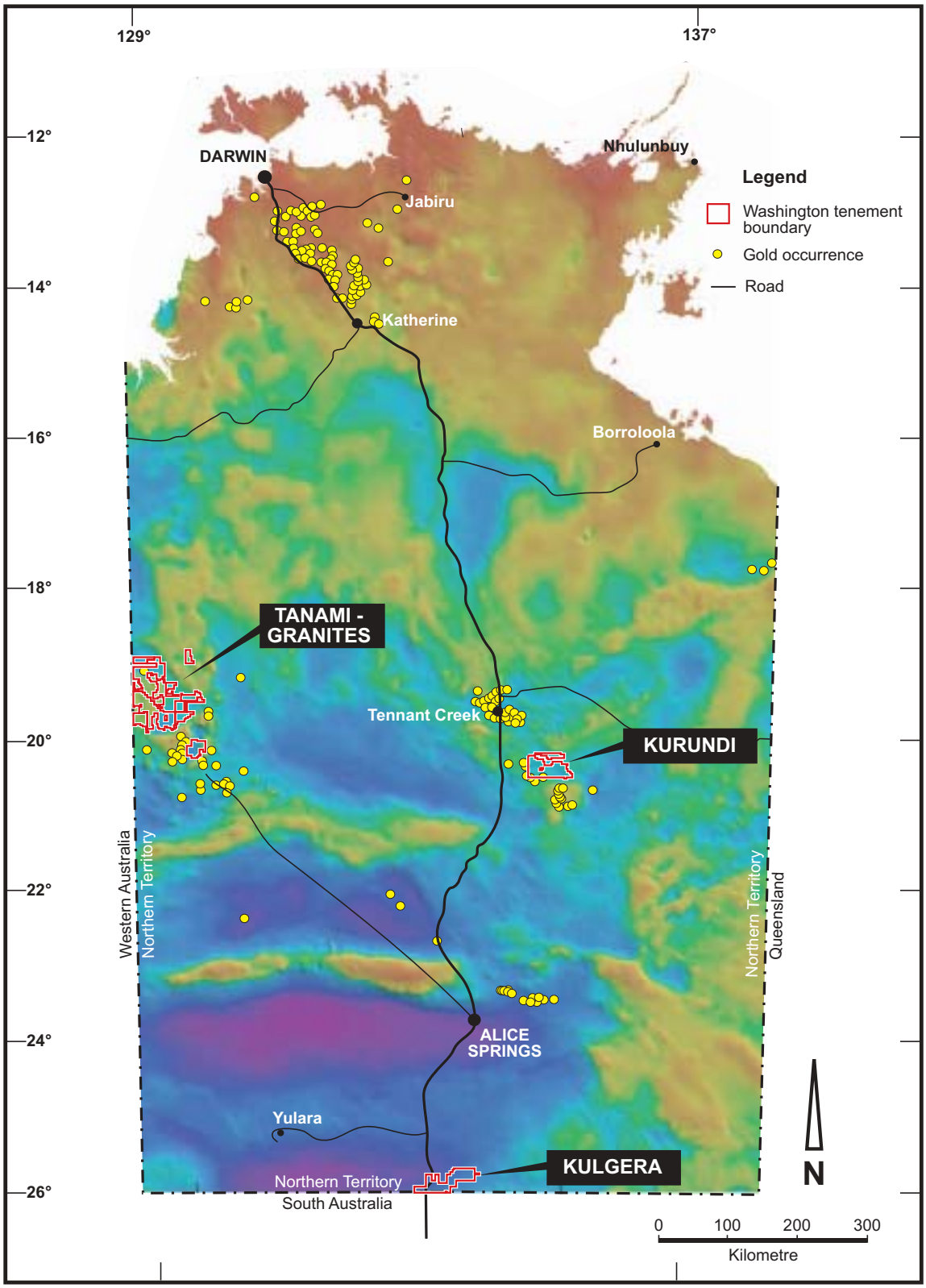


Figure 3. Location of Washington prospects, Northern Territory (overlying regional gravity survey).

2. PROJECT DESCRIPTIONS

2.1 Yarawindah Brook prospect – Western Australia

E70/2301

2.1.1 Introduction and summary

The Yarawindah Brook prospect is located 135 km north-northeast of Perth (Figure 2). It contains an Inferred Resource estimated at some 79,000 oz of PGE (platinum and palladium the only elements assayed for) within 2.7 Mt of near-surface oxidised material. The resource mineralisation identified to date is generally within 30 m of the surface and overlies the mafic-ultramafic Yarawindah Brook Igneous Complex within the JIC of the Western Gneiss Terrane, Archaean Yilgarn Block.

Significant nickel and copper values ranging up to 2.3% Cu and 3.0% Ni encountered in surface sampling and exploratory drilling provide targets for further drill testing. Between 1976 and 1989, exploration by Shell Exploration (Australia) Pty Ltd ("Shell") and Reynolds Australia Metals Ltd ("Reynolds"), in joint venture with Otter Exploration NL ("Otter") and Audax Resources NL ("Audax"), confirmed the potential of the area. However, the relatively small size of the outlined resource (combined with less attractive metal prices at that time) led to the joint venture being terminated. Recently, the discovery and exploitation of bulk-mineable, low-grade, structurally controlled PGE deposits in North America and Finland have highlighted the potential of this style of mineralisation at Yarawindah Brook. It is considered, therefore, that the primary mineralisation so far encountered during exploratory drilling at Yarawindah Brook has a similar potential to be upgraded to Resource category.

2.1.2 Location and access

E70/2301, which covers an area of approximately 44 km^2, is centred about 75 km northeast of Perth, in the South West Mineral Field of Western Australia.

Access is via the sealed Great Northern Highway to the Calingiri turn-off, and then northerly along the Old Plains Road, which passes through the centre of the tenement area.

2.1.3 Previous exploration

In 1974, reconnaissance exploration of aeromagnetic highs by Otter revealed copper and nickel anomalies over a greenstone succession containing rocks of mafic and ultramafic composition. Otter's ongoing program included ground magnetic surveys, detailed surface sampling, mapping and mineralogical studies. This program was successful in delineating a geochemically anomalous horizon some 2.3 km long and up to 60 m wide at the basal contact between a layered igneous complex and enclosing metasedimentary rocks (Figure 4).

In 1977, Otter entered into a joint venture agreement with Shell. Between 1977 and 1982, Shell completed low-level aeromagnetic surveys and collection of geological data, and acquired low-level colour aerial photography and geophysical surveys, including very detailed aeromagnetic surveys. This program delineated targets that were subsequently investigated by auger, percussion and diamond drilling

Shell's exploration revealed the presence of a structurally complex mafic-ultramafic body intruding along a pre-existing fracture. The intrusion – of pyroxenite to gabbroic composition – contained up to 5% sulphides consisting of pyrrhotite (with minor amounts of chalcopyrite and pentlandite +/- pyrite). Metal concentrations ranged up to 3950 ppm Cu and 1750 ppm Ni, and up to 6100 ppm Cr, in lateritic samples. Gossans contained values up to 3550 ppm Cu and 5600 ppm Ni. Percussion and diamond drill investigation of selected targets within the intrusive body encountered up to 1.3% Cu and 0.44% Ni at depths of less than 50 m and up to 0.9% Cu and 3.0% Ni between 50 and 150 m in depth. Shell's exploration focused on the discovery of a Duluth (Minnesota, USA) style ore body in which massive nickel/copper sulphides occur at the base of a mafic rock complex. The Duluth deposit contained in excess of 6 Mt at 0.66% Cu and 0.17% Ni.

In addition to copper/nickel mineralisation, Shell completed platinum, palladium and gold analyses on some drill samples, which returned several values exceeding 0.5 ppm PGE. No further evaluation was carried out.

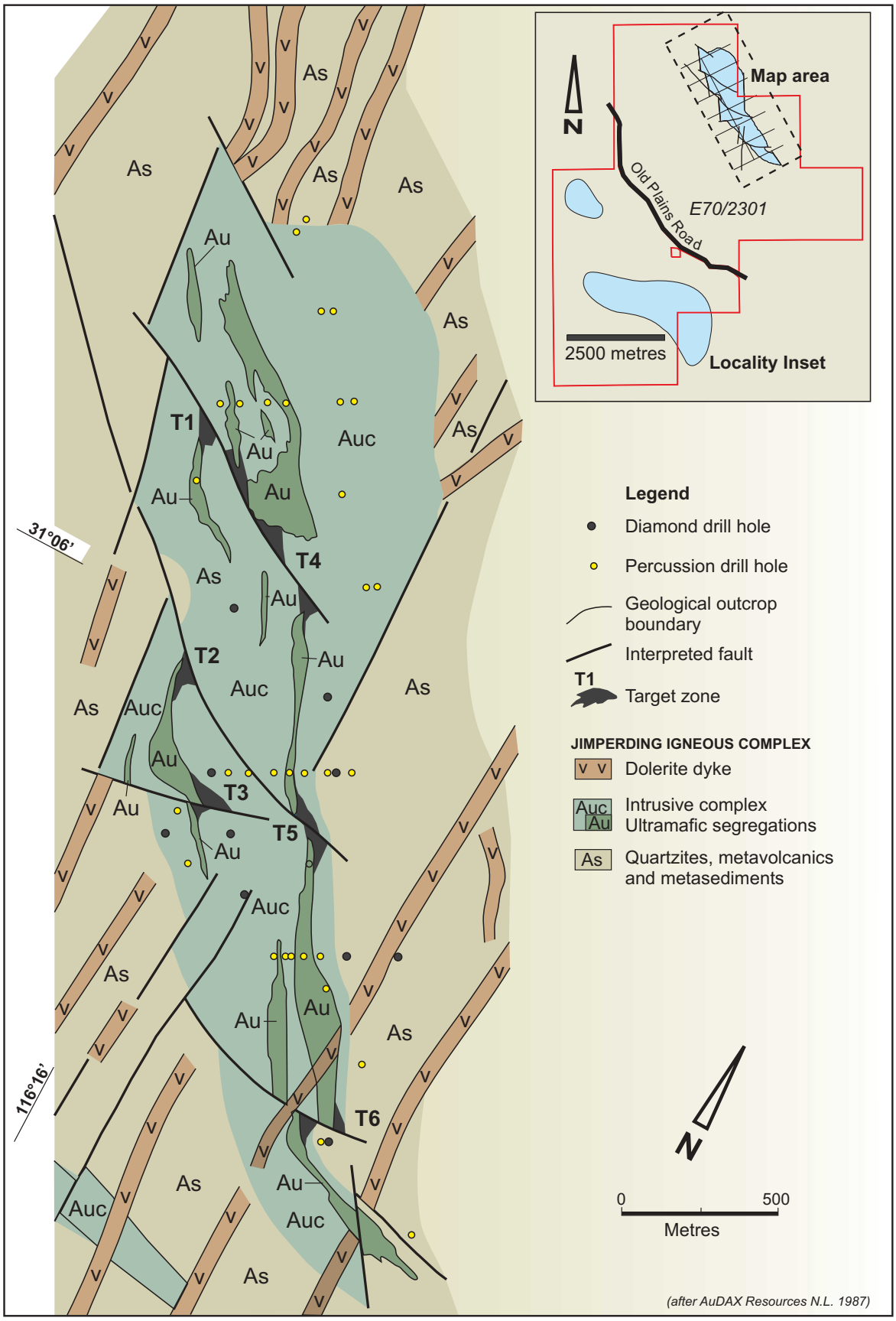


Figure 4. Yarawindah Brook prospect – geology.

Audax acquired the Yarawindah Brook prospect in 1986 and in 1987 entered into a joint venture agreement with Reynolds. Exploration completed by Reynolds included gridding, then auger, RAB and vacuum drilling, with follow-up RC drilling to evaluate the PGE potential of the near-surface weathered zone and the upper part of the basement zone of the host intrusive for primary PGE mineralisation. The Reynolds drill samples were assayed for platinum, palladium and gold but not copper, nickel or related elements. Reynolds' exploration program was successful in identifying significant PGE mineralisation in four discrete bodies within the laterite and saprolite zones (Figure 5).

The four mineralised zones identified by Reynolds were defined by a 0.5 g/t combined PGE cut-off. The same 0.5 g/t PGE cut-off implies the existence of a number of other anomalous bodies. Drill-hole density was insufficient for delineation in a resource statement. Reynolds' preliminary resource statement, contained in its 1989 Annual Report, refers to:

> *...an* in-situ *geological resource in two ore-bodies of approximately 2.7 Mt at an average grade of 0.9 g/t Pt plus Pd. This resource includes a higher-grade zone of approximately 720,000 t at a grade of about 1.4 g/t PGM.*
>
> *Pt and Pd values show an increase in grade towards the centre of the lenses such that +1 g/t PGM material is encased in a 0.5 g/t zone. This resource estimate implies some 75,000 oz of PGM located within an easily mined oxide zone.*

Note that Maynard has reviewed the calculation methodology used to determine the "*in-situ* geological resource" referred to above. It is our opinion that the mineralisation identified complies with the requirements to be categorised as an Inferred Resource.

Significant gold values occur throughout the saprolite enrichment lenses, with 10 of the 139 holes drilled encountering values in excess of 0.2 g/t Au from 1 m interval drill samples.

The best intersection, in hole YBR 117, intersected a 6 m interval grading 0.6 g/t Au, including a 1 m interval of 2.4 g/t Au (Figures 6a & 6b). Hole YBR 038 encountered a 1 m interval that assayed 10.79 g/t PGE + Au. In re-analysis, the grade is reported as 20.3 g/t PGE + Au. Reynolds briefly considered the fresh rock potential of the Yarawindah Brook project to host PGE mineralisation, based solely on a Bushveld model (narrow, relatively high-grade sulphide-bearing chromite horizons), but concluded that the primary mineralisation was not economic. However, no consideration was given to a bulk-mineable, low-grade deposit scenario, such as at Lac des Isles (Canada), which was known but not yet in production at that time.

Post 1990, exploration by Austmin Gold NL was restricted to literature research, data compilation and review and regolith studies.

In March 2001, the tenement was acquired by Murchison Resources Pty Ltd ("Murchison"), which entered into a joint venture with Palladium Resources Limited ("Palladium").

Palladium's principal exploration target at Yarawindah Brook was the primary source of the oxidised and lateritic PGE-rich nickel and copper sulphides. Palladium carried out a complete geological review of all data, including interpretation of geological reports and drilling records, together with field work comprising grid reconstruction, and metallurgical test work.

In addition, independent experts were employed to re-assess the geology and past work and to review the drilling results and appraise the potential for higher-grade mineralisation discovered in shallow drilling as an indicator for primary sulphide mineralisation.

To date, identification of distinctive structural features indicates the potential for development of higher-grade ore shoots, such as alignment of mineralisation with the regional north-plunging lineation developed in the enclosing host rocks. Metallurgical test work carried out on drill samples identified problems with lead absorption using fire assay techniques. Consequently, a further series of analyses was carried out. This identified problems with past analytical work and highlighted the potential of the new Platsol™ leaching technique. The latter indicated:

- high-degree, rapid reaction for PGE dissolution, and
- high base-metal extraction, in excess of 95%.

2.1.4 Regional geology

The project area is located within the JIC of the Western Gneiss Terrane, Archaean Yilgarn Block, which comprises a highly deformed belt of gneisses, schists, quartzites, BIF, mafic granulites and mafic to ultramafic intrusives.

The succession, which is up to 70 km wide, is bounded by the Darling Fault to the west and younger rocks to the east. Regionally, the geological trend is northwesterly, with moderate to steep northeasterly dips.

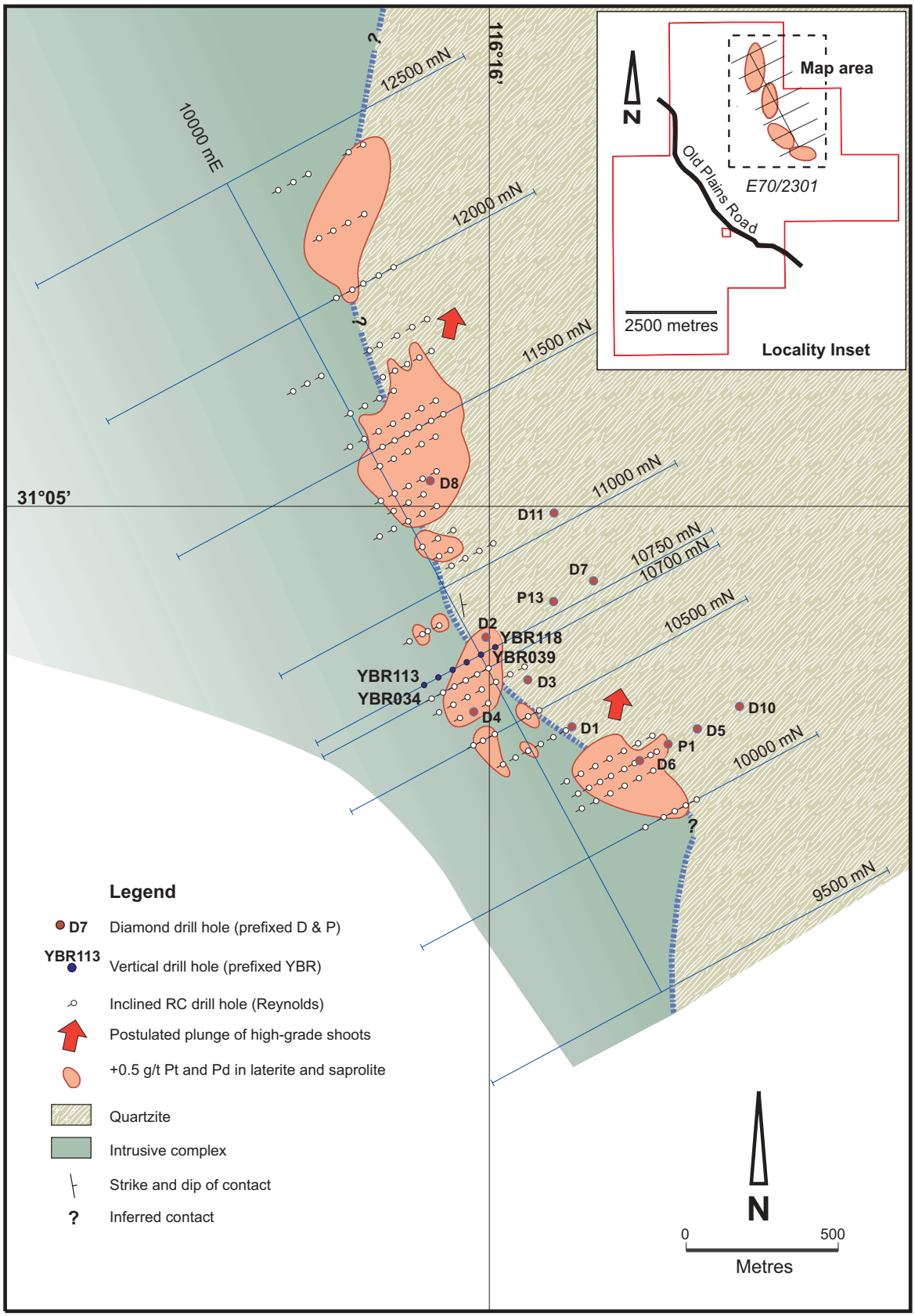
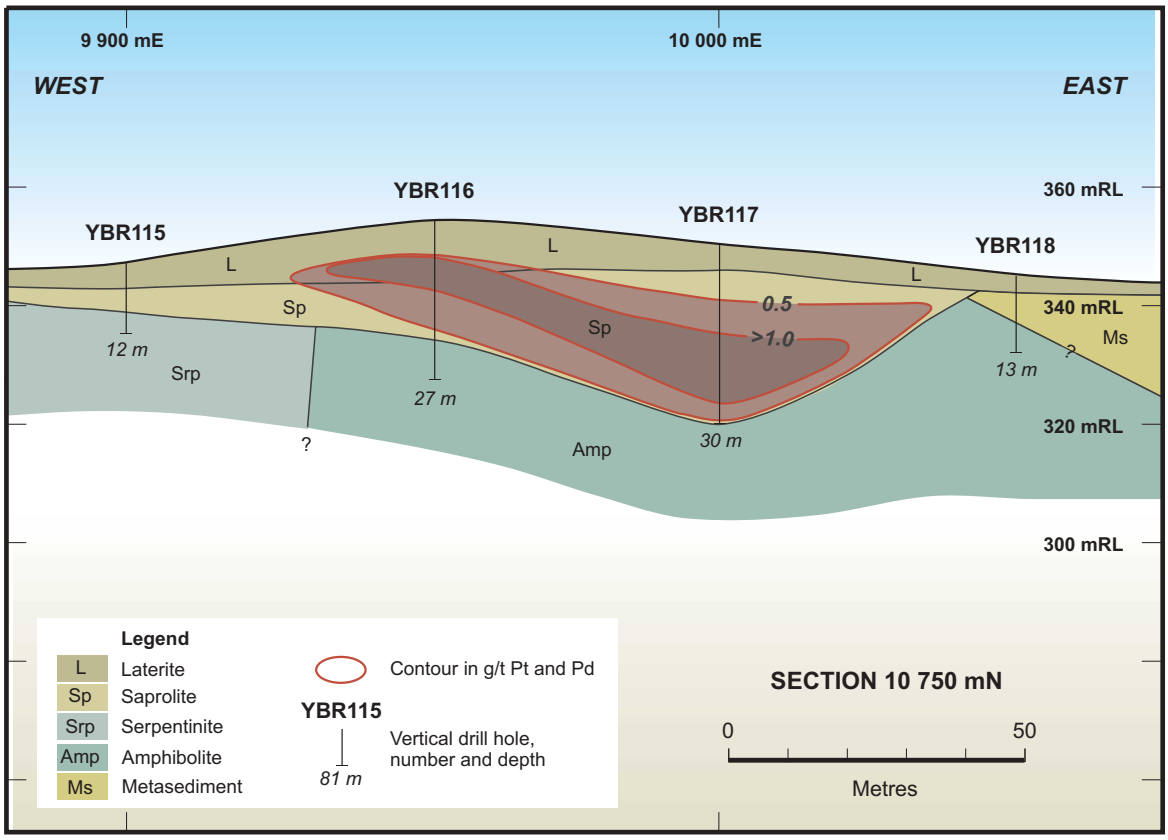
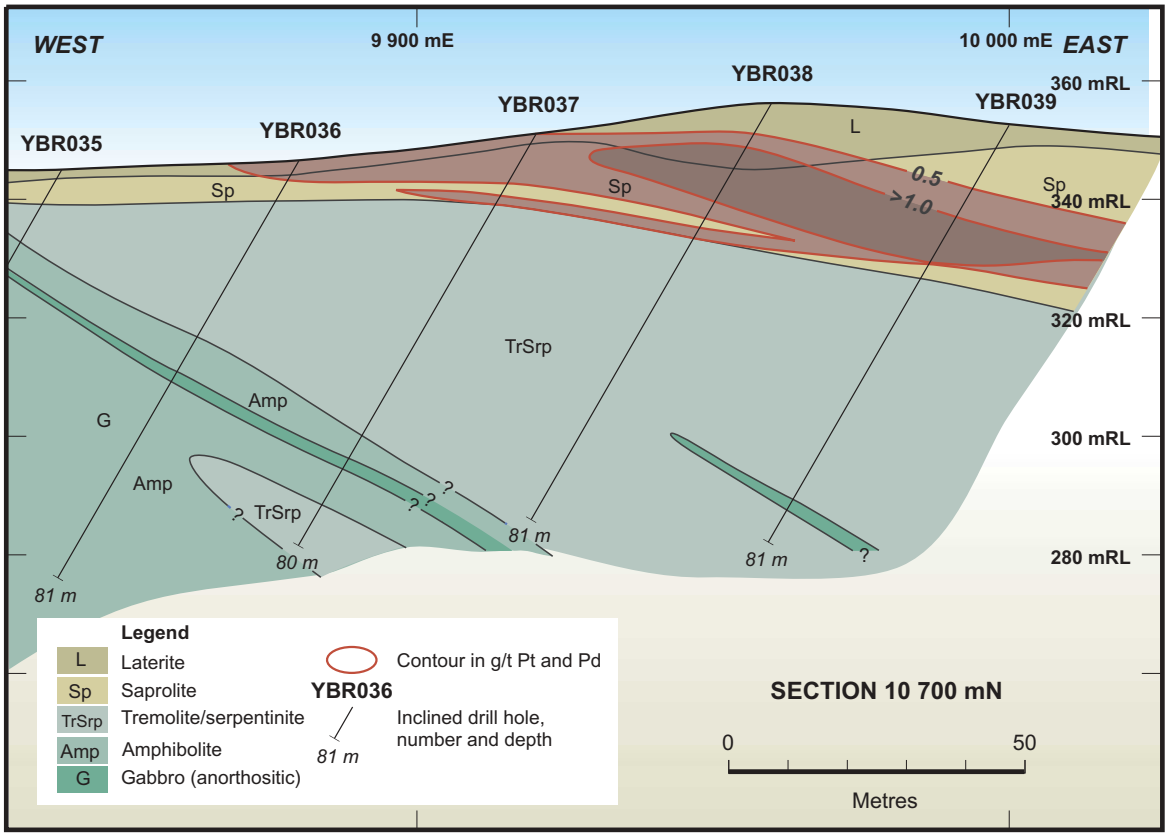


Figure 5. Yarawindah Brook prospect – mineralised zones.





Figures 6a & 6b. Yarawindah Brook prospect – cross-sections.

2.1.5 Prospect geology

Within the prospect area, the mafic/ultramafic body identified comprises gabbro/norite to harzburgite composition, amphibolite and serpentine rock types. Approximately 4 km long, it is about 740 m wide with a north-northwest strike and is interpreted as being overturned, with a dip to the east of between 20 and 30 degrees (Figures 6a & 6b).

Although the eastern contact is conformably overlain by quartzite, the western contact, being less well-exposed, is interpreted as conformably overlying a sedimentary sequence.

The mafic/ultramafic sequence comprises several small intrusions, with minor concordant intrusions in country rocks adjacent to the eastern margin of the complex.

Primary migmatic and mobilised sulphides identified include chalcopyrite, pyrrhotite, pyrite and pentlandite.

This ultramafic body can be divided into three zones – lower mafic, middle ultramafic and upper mafic. Sulphides, although present throughout the entire sequence, are most abundant in high-magnesian amphibolites and tremolite serpentinites.

Relatively high-grade pods of PGE are present in the fresh rock but appear to lack lateral continuity, although there is insufficient drilling data to allow correlation.

2.1.6 Mineralisation

Generally, sulphide mineralisation appears to be located in two separate areas of the intrusive complex.

A zone of copper-rich semi-massive sulphides – located along the basal eastern (overturned) contact and carrying in excess of 1% Cu and 2% Ni – has been confirmed by percussion and diamond drilling.

A second sulphide zone, occurring as disseminated mineralisation (up to 70 m true width) within the pyroxenite near its basal contact with serpentinite, generally consists of interstitial sulphides – predominantly chalcopyrite and nickeliferous pyrrhotite.

This wide zone of sulphides is considered a prime target for a bulk-mineable, low-grade PGE resource. Several models for such a resource exist elsewhere in the world.

One such deposit, currently being mined at Lac des Isles in Canada (74.2 Mt grading 1.64 g/t Pd and 0.18 g/t Pt), is estimated to contain 14 Moz of PGE.

Other, similar deposits elsewhere are either being explored or currently undergoing feasibility studies. All are characterised by wide zones of PGE-bearing, disseminated mineralisation, typically containing between 1% and 5% sulphides, which is comparable to Yarawindah Brook.

2.1.7 Conclusions

The Yarawindah Brook mafic-ultramafic complex has a strike length of at least 4 km and a width of 75 m.

Exploration to date has succeeded in identifying pods of both copper/nickel sulphides and PGE mineralisation in the weathered zone. None of these higher-grade pods has been tested at depth.

Generally, sulphide mineralisation occurs at two positions in the intrusive mafic-ultramafic complex; namely, copper-rich semi-massive sulphides (1% Cu, 0.2% Ni) along the basal eastern contact and a wide zone of disseminated sulphides (up to 70 m true width) in pyroxenite close to its basal contact with serpentinite. This wide zone presents a prime target for a bulk-mineable, low-grade PGE resource.

2.1.8 Proposed exploration summary and expenditure

Yarawindah Brook E70/2301	Year 1 $	Year 2 $	Total $
Data acquisition and review	20,000		
Aeromagnetic interpretation	10,000		
Ground geophysics	25,000		
RC drilling	80,000		
Diamond core drilling		112,500	
Assays	20,000	9,000	
Metallurgical testing		20,000	
Salaries, consultants	50,000	65,000	
Administration	12,675	12,825	
Total	**217,675**	**219,325**	**437,000**

2.2 Bindi Bindi prospect – Western Australia

E70/2579 & E70/2722

2.2.1 Introduction and summary

The Bindi Bindi prospect – comprising E70/2579, which covers an area of 85.6 km^2, and E70/2722, which covers an area of 47 km^2 – is about 195 km by road north-northeast of Perth (Figure 2). Rock types are dominantly gneissic, with subordinate amphibolite, quartzite and ultramafic units, which form part of the layered succession. Previous exploration has largely been confined to the search for nickel sulphides by Poseidon NL ("Poseidon") in 1968. Poseidon's three programs comprised magnetic traverses, rock-chip sampling, auger soil sampling, deep auger drilling and, finally, percussion drilling to a maximum depth of 30 m. Significant results from this work were a copper-in-soil anomaly 7 km north of the Bindi Bindi town site where values of 580 ppm Cu were encountered against background values of <50 ppm Cu.

Follow-up exploratory drilling of this anomaly returned above-background copper and nickel values up to 720 ppm Cu and 1340 ppm Ni. A second anomalous zone, hosted in an inferred ultramafic horizon, contained a number of targets, of which only a few have been investigated by shallow drilling and surface sampling. The best result from surface sampling was 6.5 m averaging 0.83% Ni. Significant drilling results included 7.6 m at 0.63% Ni, 6 m at 0.73% Ni and 20 m at 0.58% Ni.

The potential of these mineralised ultramafics remained untested when Poseidon discontinued exploration at Bindi Bindi following its discovery of nickel at Windarra.

2.2.2 Location and access

The tenements are located 195 km north-northeast of Perth and about 38 km east of Moora, in the South West Mineral Field of Western Australia. Access is via the Great Northern Highway through the southern portion of the tenements to Bindi Bindi (Figure 7). Within the tenements, access is afforded by well-maintained farming property tracks. Both are situated on private properties.

2.2.3 Previous exploration

Apart from the discovery and quarrying of asbestiform anthophyllite, the first recorded exploration was carried out by Poseidon just prior to that company's Windarra nickel discovery. Exploration occurred in three phases. The first, which comprised evaluation, included site visits, ground magnetic traverses and rock-chip sampling. Ground magnetics delineated several new ultramafic units. The Poseidon exploration identified mineralised ultramafics up to 6.5 km in length and 250 m wide. This included anomalous nickel values up to 0.83% Ni over 7 m and 0.65% Ni over 6 m in ultramafics that were being mined for asbestos.

During the second phase of exploration, which aimed at delineating specific ultramafic/nickel anomalies, three zones of anomalous nickel and four zones of low-value but anomalous copper were defined. Work undertaken in this phase included geological mapping, ground magnetic surveys, rock-chip sampling, auger soil sampling and deep auger drilling to a maximum depth of 7.3 m. Values of up to 0.9% Ni were identified.

The third and final phase of exploration involved 489 m of percussion drilling and 254 soil samples. Significant anomalous nickel and copper mineralisation was identified in five percussion holes and surface sampling (see Table 1 below).

Table 1. Bindi Bindi – significant drill intersections (Poseidon, 1968).

PH5	7.6 m	0.63% Ni
PH12	6.0 m	0.73% Ni
PH16	20.0 m	0.58% Ni
PH9	6.1 m	1340 ppm Ni, 720 ppm Cu
Surface sampling	200 m	<250 ppm Ni, 400 ppm Cu

In 2000, Palladium formed a joint venture with Murchison to investigate the Bindi Bindi tenement area. Work completed comprised a literature review of past open file exploration data, together with a limited program of rock-chip sampling. Significant values up to 4670 ppm Ni and 788 Cu confirmed the presence of ultramafic host rocks with the potential to host copper/nickel and possibly PGE mineralisation.

2.2.4 Regional geology

Although the tenement area is largely soil-covered, there is ample evidence of underlying Archaean metamorphic schists, gneisses and layered ultramafic rocks of the JIC (Berkshire Valley Succession). This stratigraphy is up to 70 km wide and bounded by the Darling Fault to the west and younger rocks to the east. The ultramafic rock units form layered complexes at least 50 m thick (and probably much thicker but poor outcrop restricts measurement of their extent). The succession is intruded by granitoid and subsequent migmatite rocks.

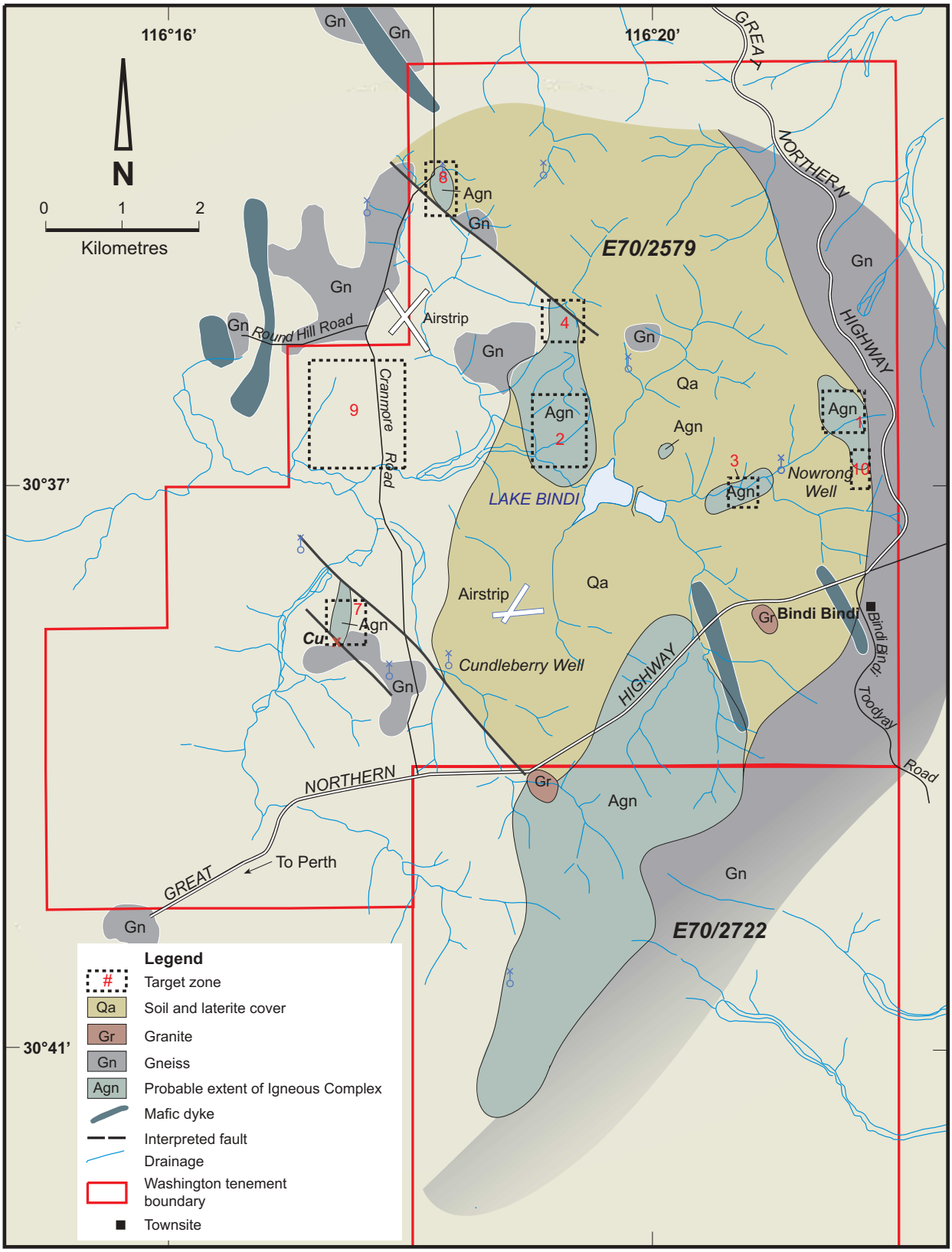


Figure 7. Bindi Bindi prospect – geology.

2.2.5 Project geology

The prospect area comprises a gently undulating topography with limited rock outcrop. Surface weathering is extensive and laterite cappings are developed on hills and ridges (Figure 7). Rock types identified include ultramafics, granite, gneiss, pegmatites and dolerite.

2.2.6 Conclusions

Reconnaissance exploration of the Bindi Bindi prospect has identified anomalous nickel/copper mineralisation in favourable ultramafic host rocks. Elsewhere, such rocks have proven hosts for low-grade, bulk-mineable PGE mineralisation. To date, exploration of identified anomalies has been restricted to near-surface investigation of oxide/saprolitic zones to a maximum depth of 30 m. Recommended exploration includes detailed geophysical (ground and aeromagnetics and induced polarisation) surveys, with follow-up deep drill hole investigations of the favourable mineralised layered ultramafics known to be present within the project area.

2.2.7 Proposed exploration summary and expenditure

Bindi Bindi E70/2579 & 70/2722	Year 1 $	Year 2 $	Total $
Data acquisition and review	5,000		
Detailed aeromagnetic surveys	20,000		
Ground geophysics	30,000		
RC drilling	69,800		
Diamond drilling		75,000	
Assays	10,000	12,000	
Salaries, consultants	25,000	25,000	
Administration @ 10%	13,000	11,200	
Total	**172,800**	**123,200**	**296,000**

2.3 Newleyine prospect – Western Australia

ELA 70/2719 & ELA 70/2720

2.3.1 Introduction and summary

The Newleyine prospect, which covers an area of 285 km^2, is located near Northam, 96 km west of Perth, Western Australia (Figure 2).

ELA 70/2719, the eastern tenement of the prospect area, is intruded by a number of large ultramafic intrusives containing identified anomalous Ni-Cu-Fe values indicative of sulphide-derived gossans. These have not yet been investigated by drilling.

ELA 70/2720, the western tenement, contains mineralised northerly-striking mafic-ultramafic intrusives hosting anomalous Ni-Cu-Fe sulphide mineralisation. Exploratory surface rock-chip sampling and drilling identified serpentinised dunite up to 250 m in width containing primary (fresh rock) mineralisation of up to 0.48% Ni and 283 ppm Cu.

In the northern part of ELA 70/2720, a 10 km long, northerly trending mafic amphibolite body was identified in contact with micro-schists and quartzite. Geochemical sampling confirmed the presence of anomalous nickel mineralisation in this mafic suite of rocks.

Sparse outcrop and an extensive soil/laterite cover mask most of the underlying geology.

2.3.2 Location and access

ELAs 70/2719 and 70/2720 are located about 96 km east-northeast of Perth, close to the town of Northam. Access from Perth is via the sealed Great Eastern Highway and then by way of sealed local roads and farm tracks that extend to all parts of the tenements (Figure 8).

2.3.3 Previous exploration

The only exploration data available was derived from surface sampling and reconnaissance drilling carried out by Australian Anglo American ("Australian Anglo"), North Flinders Mines NL and others in 1978.

Surface sampling of the 1.5 km long Newleyine ultramafic intrusive by way of 87 rock-chip samples returned assay values of up to 0.52% Ni and 850 ppm Cu (Figure 9).

A concentration of anomalous nickel values in excess of 1,000 ppm Ni was identified around the margins of a saucer-shaped intrusive associated with BIF. Within this anomalous zone, a higher-grade core up to 300 m long and 50 m wide returned values in excess of 3,000 ppm Ni.

Three exploratory diamond drill holes completed by Australian Anglo established the presence of widespread Ni-Cu-Fe sulphide mineralisation over drill widths of up to 250 m within a serpentinised dunite. In fresh rock, assay grades as high as 0.48% Ni and 283 ppm Cu were recorded.

Australian Anglo, in a report on the drilling results, estimated that "target tonnage" of 20 Mt of sulphide mineralisation could be present in a dunite intrusive at Newleyine. This will need to be confirmed by more detailed drill investigation.

No original drilling records have been sighted; however, open file drill-hole sketch cross-sections show sulphides hosted by BIF in contact with dunite at a drill depth of 200 m (Figure 10). This is believed to be a favourable environment for the occurrence of both massive and disseminated nickel sulphides, with follow-up RC and drill investigations of this prospect therefore warranted.

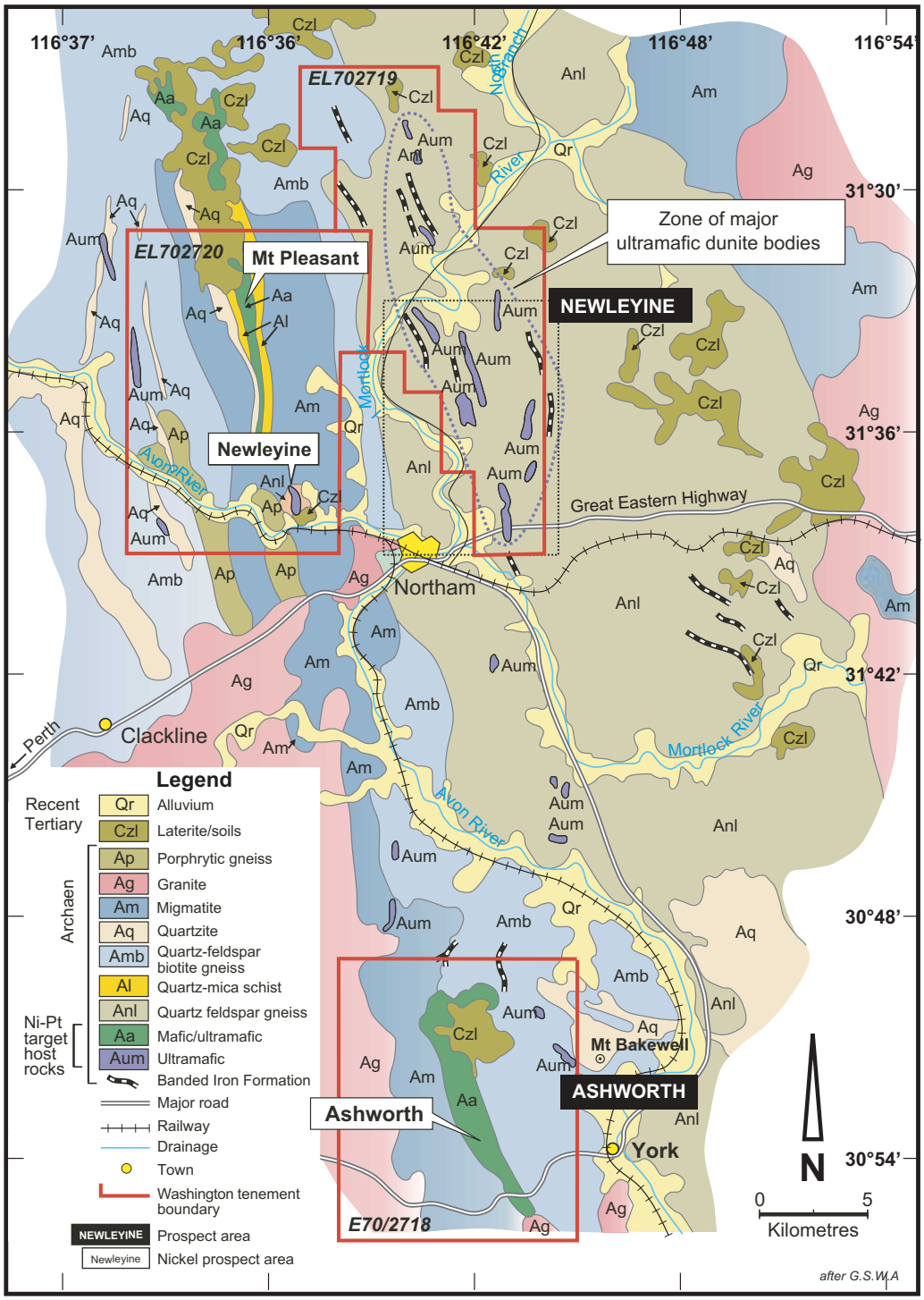


Figure 8. Newleyine and Ashworth prospects – geology.

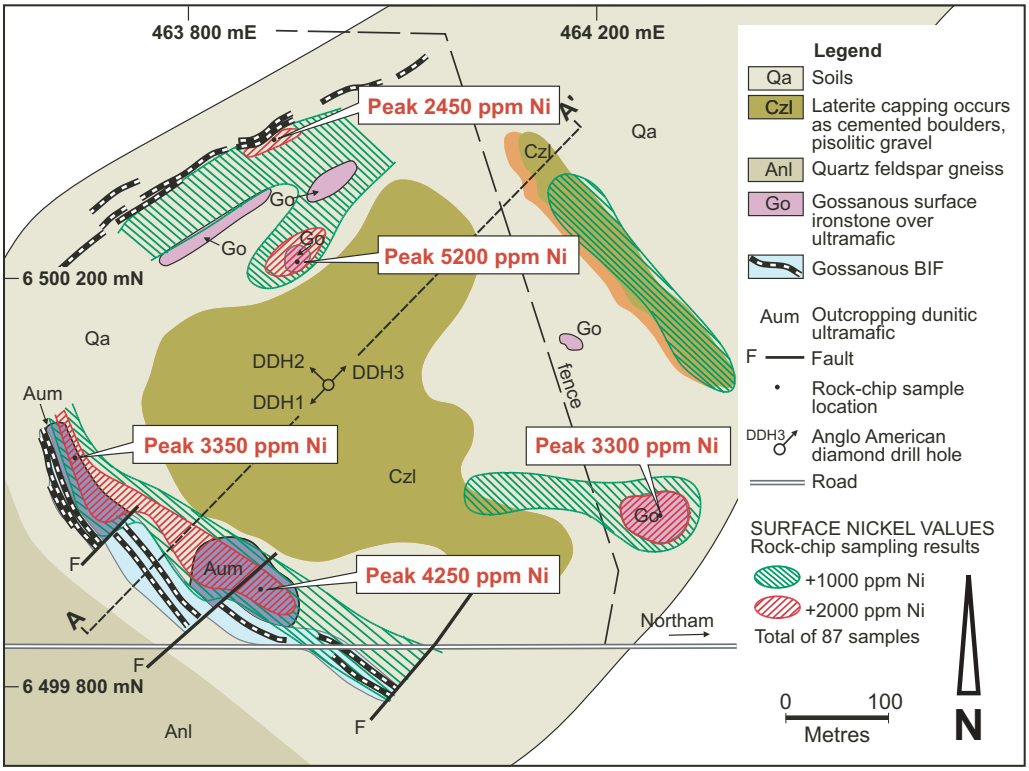


Figure 9. Newleyine nickel prospect – rock-chip sample location.

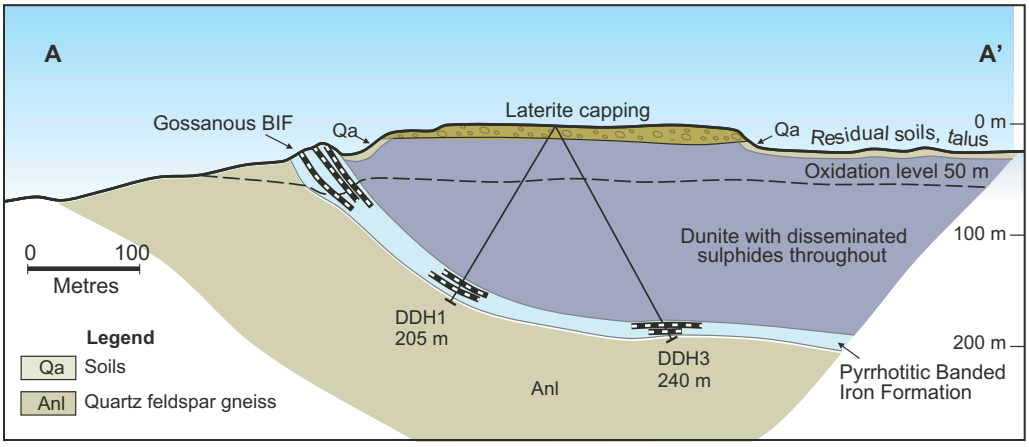


Figure 10. Newleyine nickel prospect – cross-section A-A'.

In 1996, exploration by BHP in the northern part of ELA 70/2720, near Mt Pleasant, identified anomalous nickel mineralisation within a 10 km long, north trending mafic amphibolite.

In 1978, North Flinders Mines Ltd ("North Flinders") carried out rock-chip sampling of six large ultramafic bodies within an area 3 km long by 500 m wide (Figure 2). The results of this program returned peak values ranging between 3550 and 6750 ppm Ni and 215 and 1300 ppm Cu.

2.3.4 Regional geology

The JIC comprises Archaean gneisses, schists, metasediments, BIF and mafic and ultramafic intrusives that extend for about 250 km along the western edge of the Western Gneiss Terrane, Yilgarn Block. This complex is characterised by metasedimentary schists, gneisses and BIF, together with mafic/ultramafic rocks, all of which have been intruded by granite.

2.3.5 Local geology

- ELA 70/2719 is a zone of northerly trending ultramafic dunite bodies and associated BIF and quartz feldspar biotite gneisses. Exposure is generally poor, with extensive cover of recent soil, alluvium and laterite (Figure 8).
- ELA 70/2720 comprises a central core of mafic-ultramafic lithology flanked by quartz mica schist, quartzite, migmatite and quartz feldspar biotite gneiss. On the western boundary of the tenement area, northerly trending ultramafic bodies are flanked by quartz feldspar biotite gneiss. There is extensive laterite cover in the northern part of the tenement.

2.3.6 Conclusions

The mafic-ultramafic complex at Newleyine contains three important exploration targets comprising mineralised mafic-ultramafic bodies that, in some instances, are associated with gossanous BIF:

- Newleyine – weathered ultramafic-BIF bodies ranging up to 15 km in length contain anomalous nickel and copper mineralisation of up to 0.52% Ni and 850 ppm Cu;
- Mt Pleasant, in the northern part of ELA 70/2720 – a 10 km long mafic amphibolite in contact with quartzite and mica schists hosts anomalous nickel values;
- ELA 70/2719 – rock-chip sampling has identified several ultramafic bodies containing anomalous nickel and copper mineralisation (up to 6750 ppm Ni, 1300 ppm Cu) within an area 3 km long by 500 m wide.

The potential of the Newleyine prospect has not yet been tested by a comprehensive exploration program, which would include geotechnical sampling and geophysical ground and aero-magnetic surveys.

2.3.7 Proposed exploration summary and expenditures

Exploration spending on the tenement will commence from the time of grant at which time budgets will be revised to ensure there will be sufficient funds to at least meet the minimum statutory commitments. The initial focus will be to compile historical data, followed by geological mapping and sampling in the target areas.

2.4 Ashworth prospect – Western Australia

ELA 70/2718

2.4.1 Introduction and summary

The Ashworth prospect, which covers an area of 144 km^2, is located about 65 km east of Perth, Western Australia (Figure 2). Previous reconnaissance exploration has identified a large mafic amphibolite body reportedly containing anomalous PGE mineralisation up to 3 g/t (Fehlberg, B; personal comm.). Although the prospect has not yet been the subject of a planned exploration program, the presence of a large (12 km long) amphibolite body indicates that it is a favourable target for detailed exploration.

2.4.2 Location and access

ELA 70/2718 is located east of Perth and about 5 km west of the township of York (Figure 8). Access is via the Great Eastern Highway to the Lakes turn-off, and thence along the Great Southern Highway, which passes through the southern part of the tenement. Within ELA 70/2718, access is afforded by a number of sealed public and private roads.

2.4.3 Previous exploration

Whilst there are no published reports on exploration of the prospect area, a large mafic amphibolite facies unit was identified in 1978, during GSWA mapping of the Perth 1:250,000 scale Map Series. There is one reported occurrence of platinum values of up to 3 g/t.

2.4.4 Regional geology

The Archaean JIC consists of gneisses, schists, amphibolite, BIF, mafic granulites and mafic-ultramafic intrusives into the gneiss sequences. Characterised by metasedimentary schists, gneisses and BIF, together with mafic/ultramafic rocks, this complex has been repeatedly deformed and metamorphosed, and has been intruded by granite.

2.4.5 Local geology

The Ashworth prospect, ELA 70/2718, is dominated by a northerly trending, 12 km long mafic-ultramafic body flanked by migmatites to the west and quartz feldspar biotite gneisses to the east (Figure 8). A large, intrusive granitoid body underlies the western side of the tenement, while extensive soil and laterite obscure most of the basement geology.

2.4.6 Conclusions

A large mafic-ultramafic intrusive, the Ashworth prospect is part of the JIC, which elsewhere contains identified base-metal and anomalous PGE-mineralisation. A planned program of exploration within the prospect area, to test favourable host-rock types considered to have the potential to host economic mineralisation, is warranted.

2.4.7 Proposed exploration summary and expenditure

Exploration spending on the tenement will commence from the time of grant, at which point budgets will be revised to ensure there are sufficient funds available to at least meet the minimum statutory commitments. Initially, the focus will be to compile geological and regolith maps of the area. Targets will be identified with a combination of programs of shallow geochemical sampling and geophysical survey, and interpretation of the results thereof.

2.5 Tanami-Granites prospect – Northern Territory

ELs 23934, 24166 & 24178, ELAs 23932-33, 24174, 24177, 24179 & 24193

2.5.1 Introduction and summary

Washington's Tanami-Granites prospect – comprising nine tenements that cover a total area of 5,191 km^2 – is located about 600 km northwest of Alice Springs and some 65 km northwest of the Tanami Gold Mine in the Northern Territory of Australia, adjacent to the West Australian border (Figure 3). There is a long history of gold production in the area, commencing in the early 1900s, and this has continued intermittently until the present day.

Currently, the major gold producer is Newmont Mining Corporation ("Newmont"), from its Tanami operations, which include Groundrush, Dead Bullock Soak, Callie and The Granites gold mines. Other explorers in the area include Barrick Gold Corporation ("Barrick"), which is exploring its Tanami Downs tenement. To the northeast, at Supplejack, Arafura Resources NL is exploring an area of about 1970 km^2 for gold, tungsten and diamonds.

Total reserves are reported as 17.9 Mt grading 4.8 g/t Au for 2.27 Moz, with an additional 4.7 Mt of Measured, Indicated and Inferred Resources grading between 2.90 and 5.80 g/t Au.

Washington has a portfolio of prospective ground covering favourable rock types and shear/fault structures that elsewhere in the general area are proven hosts for gold mineralisation. Previous exploration of portions of the Company's tenement areas has confirmed the presence of anomalous gold mineralisation, favourable structural features and magnetic anomalies, some of which have yet to be tested by drilling.

2.5.2 Location and access

Washington's nine tenements are located within the Tanami-Granites area, some 600 km northwest of Alice Springs, in the central-western part of the Northern Territory, adjacent to the Western Australian border (Figure 3).

Primary access is by way of the gravel Tanami Road from Alice Springs to the Northern Territory/Western Australian border, where it passes through ELA 23932. Access to the remaining tenements is by way of the many mine and bush tracks that traverse the area (Figure 11).

Some of these areas are located within Aboriginal Land Trusts and compensation agreements will eventually be negotiated with the traditional owners. Areas covered by ELs 23934, 24166 and 24178 are not, however, owned by Aboriginal Land Trusts according to search results provided by the Northern Territory's Department of Business, Industry and Resource Development, and are not subject to any registered native title claims.

2.5.3 Previous exploration

Gold was first discovered in 1900 – at both The Granites and Tanami – in small, rich, transgressive quartz veins. From 1947 to 1948, a program of costeaning and drilling by Anglo Queensland Mines Ltd outlined a probable resource of 250,000 t grading 11.5 g/t Au. In 1960, New Consolidated Gold Fields (Australia) Pty Ltd discovered uranium in the Killi Killi Hills area, near the Western Australian/Northern Territory border. The uranium was hosted in radioactive sediments of the Middle Proterozoic Gardner Sandstone.

During the 1970s, exploration involved the search for vein-unconformity type uranium mineralisation, with a number of companies active on the Northern Territory border. However, no deposits of note were located during this period.

In 1980-81, the 'Mineral Reserves Group' of Canada undertook a major evaluation of the Tanami-Granites Region, with most of the work performed on tenements in Western Australia. Of special significance was their discovery of

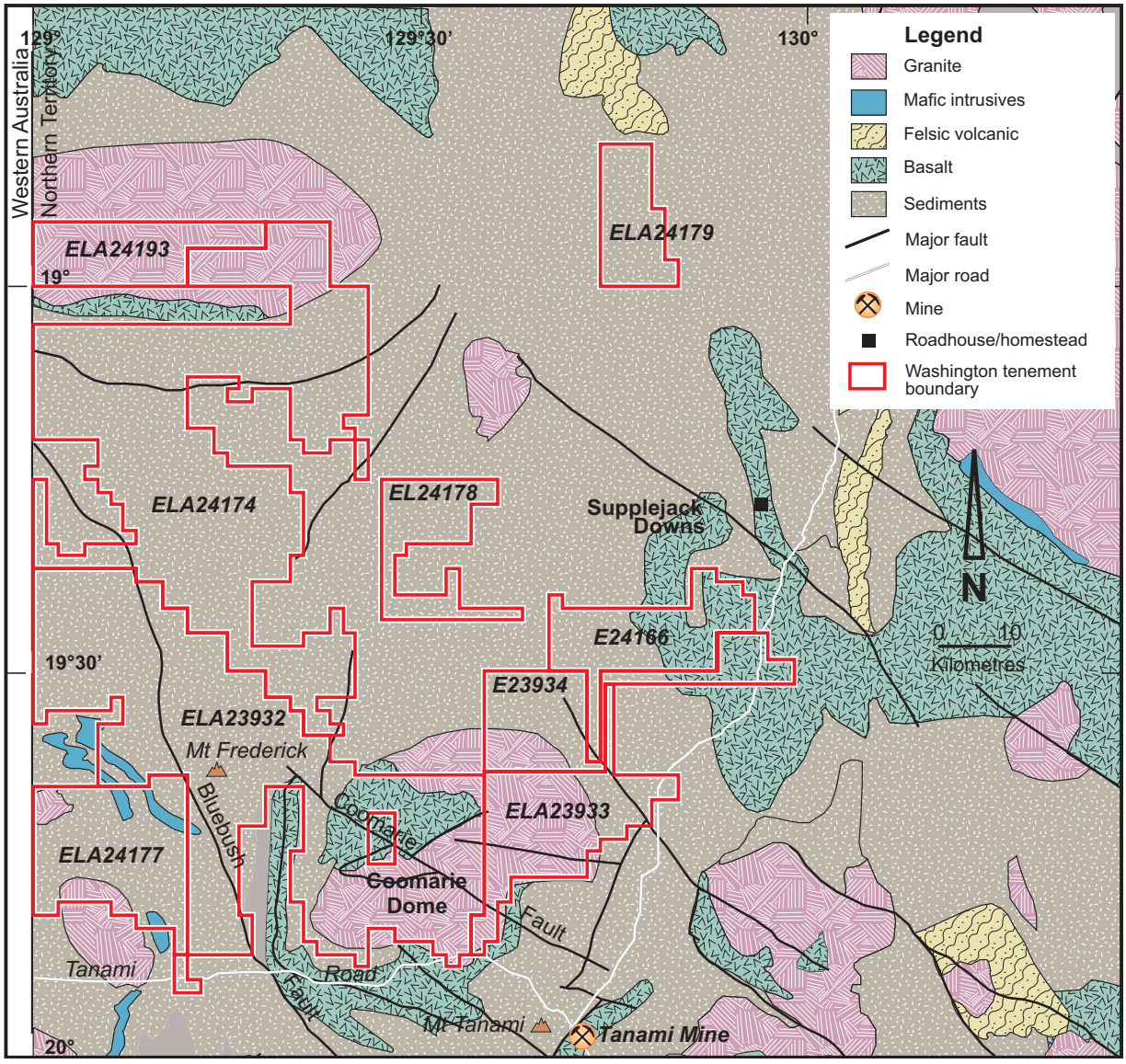


Figure 11. Tanami-Granites prospect – geology.

polymetallic, vein-related uranium, gold, nickel and cobalt minerals in the Gardner Range, within an area now covered by Washington's ELA 23932.

During 1983-84, Otter and Cultus Pacific NL held title to large areas of land in the Northern Territory but did very little work prior to relinquishment in 1984.

In 1983, North Flinders carried out drilling in The Granites area and delineated a reserve of 718,000 t averaging 5.4 g/t Au. The gold occurred in transgressive quartz veins and as strata-bound, layered disseminations within the mineralised host unit, which comprised Lower Proterozoic metamorphosed sediments of the Mount Charles Formation.

Between 1985 and 1992, detailed exploration of the Tanami area was carried out by Western Mining Corporation Limited ("WMC") and PNC Exploration (Australia) Pty Ltd ("PNC"). Their work covered a relatively small portion of Washington's Northern Territory project area, close to the Western Australian/Northern Territory border within ELAs 24174, 24177 and 23932 (Figure 11). The results of this field work are contained in an open file, partial relinquishment report dated 23 April 1992.

Exploration by PNC involved regional studies of aeromagnetic and radiometric data, followed by lineament studies related to uranium and, to a lesser degree, gold mineralisation.

WMC's exploration, which was primarily for gold, included regional studies and compilation of all available published and open-file data, regional and detailed geochemical and geological surveys and limited ground geophysical studies. This exploration program resulted in the discovery of gold geochemical lag anomalies that were not drill-tested at the time. Other areas of interest were defined on the basis of geophysical data integration and interpretation.

WMC reported that the most significant analytical result to emerge from the area was the presence of abundant, low-level auriferous anomalies; namely, 47 samples with greater than or equal to 0.01 ppm Au and 20 samples greater than or equal to 0.05 ppm Au. The maximum assay was 1.05 ppm Au from a vuggy quartz vein, while the average assay value for all samples was 0.08 ppm Au.

In 1991, Zapopan NL ("Zapopan") acquired the Tanami joint venture and continued mining until 1994. Total production was reported as 26.54 t Au. In 1995, Zapopan's tenements and plant were transferred to the Central Desert Joint Venture, comprising Acacia Resources Ltd and Otter Gold Mines Limited ("Otter Gold"). By 1994 a resource of 3.4 Mt grading 3.2 g/t Au had been identified at the Jims Find, Dog Bolter and Redback Rise deposits. Mining, which commenced in 1995, produced 11.8 t of gold from 3.87 Mt of ore.

Since 2003, under the control of Newmont Australia Limited ("Newmont"), the gold resources at the Tanami operation – including Groundrush, Callie and Dead Bullock Soak – were 17.87 Mt at 4.8 g/t Au Proved/Probable Reserves for 2.72 Moz Au, 1.18 Mt at 2.9 g/t Au Measured/Indicated Resources and 3.54 Mt at 5.8 g/t Au Inferred Resources.

2.5.4 Regional geology – Tanami-Granites area

In the Tanami Region, one of the most important tectonic units is the North Australian Craton, the stratigraphic succession of which shows similarities with other Palaeoproterozoic successions in northern Australia (Pine Creek and Halls Creek Orogens) and elsewhere in Canada.

Within the Region, the MacFarlane Peak Group, which is interpreted to be the basal unit of the Palaeoproterozoic sequence, is dominated by volcanic and volcaniclastic rocks, along with clastic and calc-silicate sediments. These are overlain by siltstone, carbonaceous shale, calc silicates and BIF of the Dead Bullock Formation. This in turn is overlain by a thick sequence of turbidites, the Killi Killi Formation. Interbedded siltstone, greywacke and chert west of Tanami are included in the Twigg Formation. The latter three units are grouped together in the Tanami Group.

The Pargee Sandstone and the Mount Charles Formation occur in small extensional basins. A period of wider extension follows, accompanied by felsic volcanism in the Mount Winnecke Group and Nanny Goat Volcanics. Five main granitic suites are recognised in the Tanami Region, the most important being the Coomarie and Frederick Suites. The youngest granites in the area belong to The Granites Suite.

Archaean rocks identified from drilling comprise the Browns Range Metamorphics and the Billabong Complex.

Gold mineralisation in the most significant gold prospects is hosted by the McFarlane Peak and Tanami Groups, Mount Charles Formation and Nanny Goat Volcanics, as well as the Winnecke and Granite Suites. Recent drilling by the NTGS indicates that the Coomarie Suite is also anomalous in gold.

The most significant controls for gold localisation in the Tanami-Granites areas are brittle faults and late shear zones within favourable host units and rock contacts; for example, the Callie Host Unit, Tanami Mine Basalts, basalt/sediment contacts (Tanami) and reactivated fault contacts (The Granites). Iron-rich horizons (BIF) and carbonaceous shales are also important hosts.

2.5.5 Local geology

The Tanami-Granites prospect areas are about 160 km north-south by 110 km east-west, which includes a wide variety of favourable host rocks and structures.

- ELAs 24193, 24174, 24177 and 23932 – these four tenements, with a total area of 3,874 km^2, are located, along the Western Australian/Northern Territory border (Figure 11) and cover the prospective MacFarlane Peak and Tanami Group of faulted sediments and mafic igneous rocks.

  Major structures – the Bluebush and Coomarie Faults and sub-parallel Pargee Fault – are located within ELA 23932. Such structures are reported as being the most significant control for localisation of gold mineralisation in the Tanami area.

  To the north, ELA 24174 covers folded sediments and basaltic rocks overlying prospective MacFarlane Peak Group sandstones and mafic volcanics.

  To the south, ELAs 24177 and ELA 23932 cover prospective granite intrusions; namely, the Frederick Granodiorite and Coomarie Suite granite. Recent drilling by the NTGS has encountered a number of gold anomalies from the Coomarie Suite.

Between these two granitoid intrusions, highly folded and faulted MacFarlane Peak and Tanami Group rocks are favourable sites for delineation of gold mineralisation.

- ELA 24179, covering an area of 169.0 km^2, is located along a north-northwesterly trending sequence of folded and faulted basalts and sediments that overlie the MacFarlane Peak Group of mafic volcanic, volcaniclastic and clastic rocks (Figure 11). Similar rock units elsewhere in the area host anomalous gold mineralisation, gold prospects and operating gold mines.
- EL24178 – this tenement, covering 204.2 km^2, is located in the centre of the Tanami-Granites project area and contains exposures of Birrindudu Group sediments, the potential of which to host economic mineralisation is not yet known (Figure 11). The Birrindudu Group sediments are known to overlie gold mineralised Granite Suite rock types elsewhere within the Tanami-Granites tenement area.
- ELs 23934 & 24166, ELA 23933 – these tenements, covering an area of 943.7 km^2, are located in the central-east portion of the Tanami-Granites project area, overlying the Coomarie Suite granodiorites and flanking Birrindudu Group sandstones in ELs 23934 and 24166, and MacFarlane Peak group undifferentiated rock types in ELA 23933 (Figure 11).

Whilst there is no exploration evidence of mineralisation in these tenements, recent reporting by the NTGS (GS2000-13) confirms the potential of the MacFarlane Peak Group and Coomarie Suite granodiorites as hosts for economic gold mineralisation.

2.5.6 Mineralisation

In 1999, 107 known gold occurrences in the Tanami Region could, on the basis of geometry and host rock type, be classified (NTGS) into quartz vein type (84 occurrences) and iron-rich, sediment-hosted type (23 occurrences).

2.5.6.1 Quartz vein gold deposits

These are present as veins, breccia-fills, saddle-reef structures and stockworks within folded greywacke, siltstone, shale and basalt. The basalt is commonly vesicular, with pillow structures, and has undergone propylitic, hydrothermal and pervasive carbonate alternation. Examples of this type of deposit are the Tanami and Dogbolter/Redback and, possibly, the Callie and Titania deposits.

- Tanami area – the Tanami goldfield contains 26 known gold occurrences and workings along what are known as the Western and Eastern lines, which are up to 4 km in length. Mining has been by way of 21 open cuts, the largest extending for 1 km and to a depth of 100 m. The gold-bearing lodes are hosted by a succession of alternating basalts and mudstone-greywacke units of the Mount Charles Formation. In some instances, felsic dyke intrusions were noted in the mine workings, indicating that mineralisation is broadly contemporaneous with granitoid emplacement. The higher gold grades are associated with sinistral normal, north and northwest trending faults.
- Dogbolter/Redback area – exploration by Otter Gold, which identified gold anomalies from laterite and pisolite sampling, was followed by RAB drilling. The anomalies were subsequently developed into the Dogbolter, Redback and Jims Find deposits, which totalled 5.68 Mt at a weighted average grade of 3.2 g/t Au.
- Callie – the discovery of this outstanding deposit was closely associated with the development of iron-formation hosted deposits in the Dead Bullock Soak area. Discovered by a bedrock geochemical survey designed to explore a major anticlinal structure, the ore body was concealed by a thin, 6 m cover of soil, sand and colluvium, together with stream-bed deposits and laterite/ferricrete. Callie contains 19.5 Mt of ore grading 6.3 g/t Au, with an area measuring some 400 by 500 m of intense quartz veining in quartz sericite chlorite schist.
- Titania is some 50 km northwest of The Granites goldfield, where the mineralisation was totally concealed by windblown sand and lacustrine clays. The discovery was based on the targeting of a single-point, low-order geochemical BLEG anomaly of 1.99 ppb Au. The reported resource is 4.1 Mt at 2.6 g/t Au.

2.5.6.2 Iron-rich gold deposits

These are significantly different from those at Tanami in that mineralisation follows a particular stratigraphic horizon of iron-rich, cherty metasedimentary rocks within the Mount Charles Group. The mineralisation is associated with disseminated sulphides within quartz veins and shearing. These deposits are present in The Granites goldfield and Dead Bullock Soak.

- The Granites goldfield – Normandy NFM Ltd (formerly North Flinders Mines Limited) explored the area and identified and mined six deposits, which in 1998 reportedly contained a remaining resource of about 14 t of gold.

Mount Charles Group rocks host the gold mineralisation, which is divided into the Footwall, Host Unit and Hanging Wall Schists.

The Footwall Schist, which is more than 125 m thick, consists of interbedded schists with abundant quartz and calc silicate veins in the upper 30 m. Disseminated chalcopyrite and minor pyrite and pyrrhotite are present. Between 5 and 35 m thick, the host unit has been traced for 9 km and comprises silicate, silicate-sulphide, carbonate and oxide facies BIF beds. The Hanging Wall Schist is more than 150 m thick and comprises fine-grained schists and greywacke with chert bands. Numerous dolerite intrusions are present within the Hanging Wall Schist.

- Dead Bullock Soak – this area, located 40 km west of The Granites goldfield, contains nine deposits. Geologically, the area comprises mineralised Mount Charles Group metapelites, graphitic schists and siliceous BIF, with one conformably interbedded dolerite sill between 20 and 70 m thick.

  A number of other promising gold prospects reported in the area are still being assessed.

According to recent work by the NTGS (NTGS – GS 2000-13, Hendricks *et al*, 2000), significant gold prospects and operating mines in the Tanami Region are hosted by the MacFarlane Peak Group, Tanami Group, Mount Charles Formation and Nanny Goat Volcanics, as well as the Winnecke and Granite Suites.

Drilling by the NTGS indicated that the Coomarie Suite is also anomalous in gold, with 6-7 ppb Au anomalies occurring in whole rock samples. It was concluded that, although stratigraphy is not the main controlling factor in the distribution of gold mineralisation in the Tanami Region, it does play a significant role in hosting economic deposits.

The most significant controls for gold mineralisation in the area are structural features, especially late-brittle faults, formed after the intrusion of the Coomarie, Winnecke and Frederick Suite granites. Detailed mapping by the NTGS at Bunkers Hill Pit, Dead Bullock Soak and the Tanami Mine corridor indicates that gold mineralisation is associated with late shears and brittle faults. The richest gold grades occur where these structures intersect favourable lithological horizons. Favourable lithologies include the Callie host unit, basalt-sediment contacts at Tanami and reactivated faulted contacts at The Granites, all of which have a higher propensity to respond to brittle type deformation.

There is also a close spatial association between mineralisation and carbonaceous shales in the currently operating mines (for example, Dead Bullock Soak and Groundrush), where the reported (Newmont subsidiary: Normandy NFM Ltd Ann. Rep. 2003) resources comprised:

- Proved/Probable Reserves – 17.87 Mt @ 4.8 g/t Au;
- Measured/Indicated Resources – 1.18 Mt @ 2.9 g/t Au, and
- Inferred Resources – 3.54 Mt @ 5.83g/t Au.

Elsewhere, iron-rich lithologies (BIF) are recognised as an important control for mineralisation, with both shales and BIF providing a chemical control for gold deposition.

Washington's extensive tenement holdings include favourable gold-mineralisation host lithologies and structures, none of which has been investigated using modern, detailed exploration methods.

2.5.7 Conclusions

The Tanami-Granites project area covers prospective host rocks, granitoid intrusives and associated structures that have the potential to host both base- and precious-metal mineralisation.

Exploration by others over part of Washington's tenement areas adjacent to the Western Australian/ Northern Territory border delineated a number of gold anomalies that are still to be tested by drilling.

All the tenements cover favourable host rocks and associated fault/shear structures that are largely unexplored. Operating gold mines at Tanami, adjacent to ELAs 23932 and 23933, confirm the potential of the area (Figure 11).

2.5.8 Proposed exploration and expenditure – Tanami-Granites

Tanami-Granites ELs 23934, 24178 & 24166	**Year 1 $**	**Year 2 $**	**Total $**
Data acquisition and review	10,000		
Acquisition of geophysical data	20,000		
Regolith mapping	8,000		
Geochemical sampling	30,000		
RAB drilling		45,000	
Assay		10,000	
Salaries, consultants	40,000	20,000	
Administration	7,500	7,500	
Total	**125,500**	**82,500**	**198,000**

2.6 Kurundi prospect – Northern Territory
EL 23937

2.6.1 Introduction and summary

Washington's Kurundi prospect – which comprises EL 23937 and covers a total area of 1,591 km^2 – is located about 110 km southeast of Tennant Creek in the Northern Territory. Only limited exploration has been conducted in the area (Figure 12).

The first recorded mining commenced in 1917, when wolfram was found in the Wauchope area. Further discoveries of wolfram followed, at Mosquito Creek and Hatches Creek.

Prospecting for uranium, copper and lead has been conducted in the Kurundi District, while gold has been mined at the Power of Wealth and Great Davenport Mines, just west and south of the tenement (Figure 12).

Although several companies have undertaken regional exploration, no comprehensive evaluation or drilling is known to have been carried out and the mineralisation potential of the area is yet to be fully assessed.

Geologically, the tenement area comprises Palaeoproterozoic sediments of the Warramunga and Hatches Creek Groups and the Tomkinson Creek Beds. These have been intruded by Proterozoic-aged granites, with the latter subsequently overlain by Cambrian sediments.

The Warramunga Group rocks host all the known economically viable mineral deposits in the Tennant Creek area.

Although the Kurundi Region has not been extensively explored for mineralisation other than gold, it is considered to have potential for significant uranium and base-metal mineralisation.

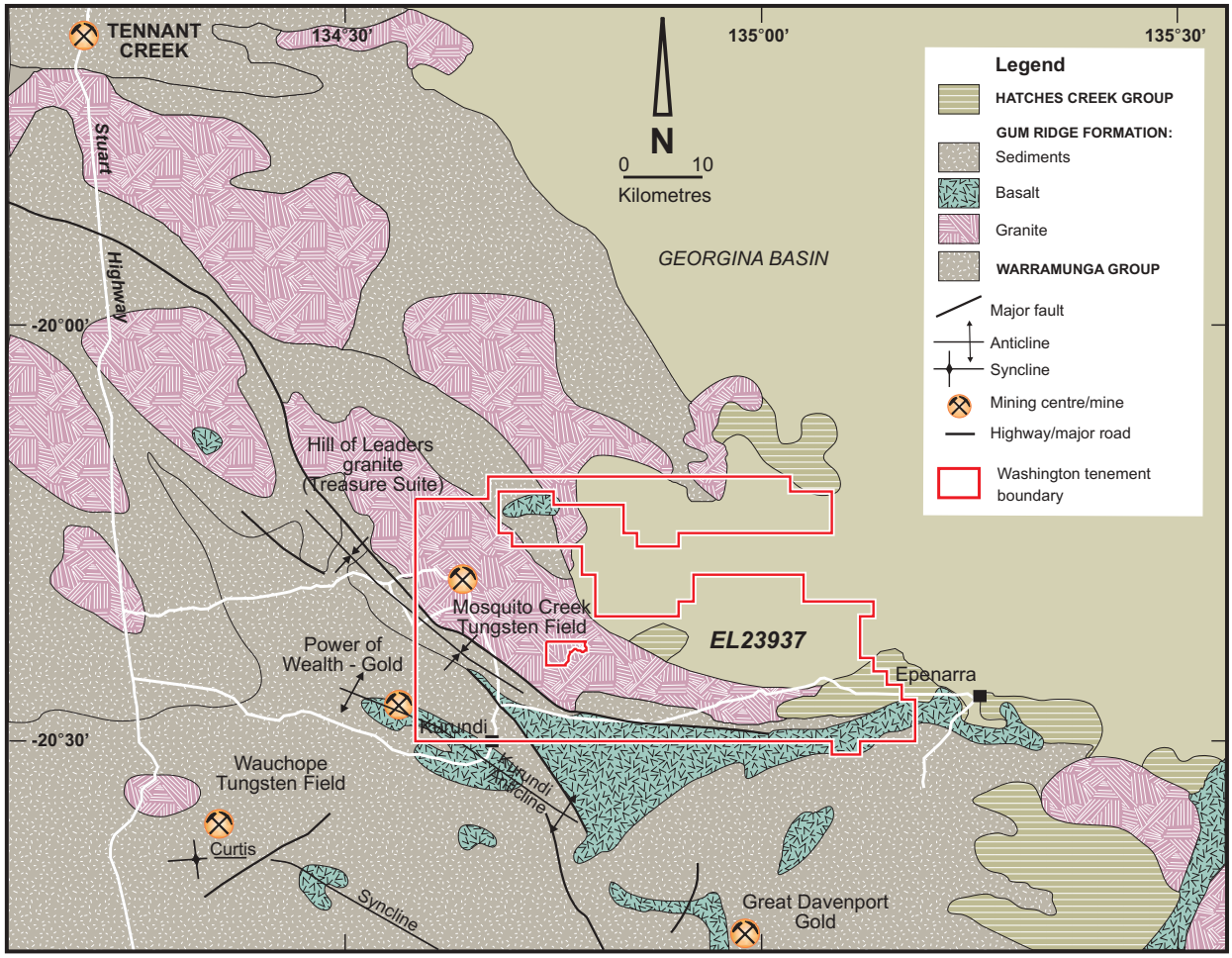


Figure 12. Kurundi prospect – geology.

2.6.2 Location and access

EL 23937, covering an area of 1,591 km^2, is located approximately 110 km southeast of Tennant Creek in the Northern Territory.

Access from Tennant Creek is 80 km south via the Stuart Highway, then some 70 km east to the Kurundi Station homestead by way of the main station access road.

Access within the tenement is via mine roads and well-maintained tracks, or cross-country.

2.6.3 Previous exploration

Prior to 1993, mining activity was restricted to prospecting and mining for tungsten at Hatches Creek, Wauchope, Mosquito Creek and other, smaller mines within and around the tenement area. Gold was mined at the Power of Wealth and Great Davenport mines, as well as a number of smaller workings (Figure 12).

In 1993, Normandy Gold Limited ("Normandy") acquired E8346, which covers about 392 km^2 in the southwestern part of EL 23937.

Normandy completed a program of aeromagnetic structural interpretation, lineament interpretation on 1:80,000 scale aerial photography, and regional reconnaissance rock-chip sampling. Gold-mineralised quartz veins were reported.

At the same time, Eden Creek Pty Ltd carried out an extensive program of gridding, ground magnetic surveys, soil and vacuum bedrock geochemical surveys, rock sampling and geological mapping.

It was concluded that the licence covered areas of Proterozoic-aged Warramunga Formation or its lateral equivalents. These units are considered prospective for gold-copper-bismuth and/or base-metals mineralisation.

In 1994-95, North Star Resources NL ("North Star") explored E8388, located in the north-western corner of the Frew River 1:250,000 (SF 53-3) sheet, which covers part of EL 23937. North Star reports that their exploration comprised preliminary identification and ground follow-up of magnetic targets based on Tennant Creek style gold and copper deposits.

At Tennant Creek, gold occurs with iron and copper sulphides in magnetite or hematite-rich lodes with or without quartz. The mineralised zones are hosted with chlorite alteration envelopes in shears within Warramunga Group sedimentary rocks. This distribution suggests an association with major regional scale structures. North Star's exploration generated 10 target areas, of which five warranted more detailed investigation and RAB drilling.

2.6.4 Regional geology

The tenement area is located along the eastern margin of the Tennant Creek Inlier, an intensely folded, early Proterozoic intra-cratonic basin succession of mainly sedimentary and minor felsic volcanic rocks, intruded by younger granitoids.

This inlier – which forms a north-northwesterly trending belt some 700 km in length – is centred on the town of Tennant Creek and comprises Palaeoproterozoic sediments of the Warramunga Group, Hatches Group and Tomkinson Creek Beds. The Warramunga Group, which contains all the economically viable deposits currently mined in the Tennant Creek Region, consists of a sequence of argillaceous sedimentary rocks, including siliceous greywacke, siltstone and shale. Quartz-feldspar porphyry lenses occur as both cross-cutting and conformable units within the sedimentary sequences. The Warramunga Group has been the subject of at least three deformational episodes.

2.6.5 Local geology

Apart from the southwestern part of the tenement, which is centred around the Kurundi Anticline, the bedrock geology is largely masked by Quaternary soil cover (Figure 12). On the basis of regional mapping, regional aeromagnetic data and limited outcrop, the NTGS has interpreted the presence of a southeast extension of the Tennant Creek Warramunga Group into the Bonney Well and Frew River areas. This rock sequence presents a primary exploration target.

2.6.6 Mineralisation

The basis for acquisition of EL 23937 was the known gold mineralisation in the vicinity of the Kurundi and Power of Wealth mines. Due to their location within the Kurundi anticlinal structure and the presence of favourable Warramunga Group host rocks inferred from interpretation of NTGS airborne geophysical surveys, these mineralised areas provide prime exploration targets.

Past and ongoing exploration has confirmed that Warramunga Group rock sequences are the chief hosts for economic mineralisation in the Tennant Creek Region. This style provides the preferred exploration model for the project area.

The major mineral deposits of the Tennant Creek field comprise polymetallic, magnetite, quartz-hematite bodies (ironstones) containing gold in association with sulphides of iron and copper and, to a lesser extent, lead and zinc, with bismuth as a by-product. These are commonly hosted by shales and BIF within the Warramunga Group. Known deposits generally have a chloritic alteration halo, indicating hydrothermal origin. The distribution of lodes indicates an association with major regional faults and shears.

2.6.7 Conclusions

The Kurundi prospect area, which is largely unexplored, is understood to contain favourable host rocks of the Warramunga Group, which, at Tennant Creek, hosts both precious and base-metal mineralisation.

Recent studies of aeromagnetic data by the NTGS indicate that Warramunga Group rocks underlie recent soil cover, which covers much of EL 23937.

The proposed program of exploration will include research of available aeromagnetic data, with subsequent detailed follow-up ground and air-borne surveys designed to identify favourable Warramunga Group host rocks within the Company's licence areas.

Discoveries of gold mineralisation in the Tanami Region have proved the efficacy of modern mineral exploration techniques in an area largely covered by unconsolidated surficial deposits. The most successful approach has been to drill very low-level geochemical anomalies, with the usual lithological and structural framework provided by detailed prospect-scale aeromagnetic and gravity surveys.

All the presently known gold mineralisation in the Region has been associated with Palaeoproterozoic rocks of the Mount Charles Group and their lateral equivalents.

The Kurundi Region has not been extensively explored for mineralisation other than gold, and it is believed there is potential for significant uranium and base-metal mineralisation.

2.6.8 Proposed exploration and expenditure – Kurundi

Kurundi EL23937	Year 1 $	Year 2 $	Total $
Data acquisition and review	10,000		
Detailed aeromagnetic surveys	30,000		
Aerial photography and mapping	20,000		
Geochemical survey	40,000	8,500	
RAB drilling		50,000	
Assay		20,000	
Salaries, consultants	25,000	20,000	
Administration	12,500	9,000	
Total	**137,500**	**107,500**	**245,000**

2.7 Kulgera prospect – Northern Territory

EL 24204

2.7.1 Introduction and summary

EL 24204, which covers an area of 1523 km^2, is located adjacent to the Northern Territory/South Australian border, about 250 km by road south of Alice Springs.

The tenement is located at the eastern end of the largely unexplored prospective Musgrave Block, which extends across the borders of Western Australia, the Northern Territory and South Australia (Figure 13).

Regionally, the Musgrave Block comprises Proterozoic-aged, high-grade metamorphic and plutonic basement, with a cover of generally low-grade metamorphosed volcanic and sedimentary rocks that, in central Australia, are exposed as a 150 km wide belt extending to a point just east of the Stuart Highway.

The most prominent structural feature is a strong east-west trending fabric imposed by several wide, steeply dipping shear zones. These zones overprint granulite and amphibolite gneissic fabrics commonly oriented in a regional northeasterly direction, especially in the Southern Musgrave Block Region.

To date, limited exploration, mainly close to the Western Australian/Northern Territory/South Australian borders, has identified significant deposits of lateritic and sulphide nickel mineralisation, together with nickel, copper, vanadium and PGE layered mafic and ultramafic rocks.

2.7.2 Location and access

Located about 250 km south of Alice Springs, EL 24204 is centred on Kulgera within the Kulgera 1:250,000 Map Sheet, Northern Territory of Australia. Access from Alice Springs is via the sealed Stuart Highway, which bisects the tenement area and the newly completed railway nearby. Within the tenement, which covers an area of more than 1500 km^2, access is by way of pastoral station tracks.

2.7.3 Previous exploration

There is no evidence of past exploration within the tenement. Elsewhere, however, in both Western Australia and South Australia, similar Proterozoic sequences of the Musgrave Block are proven hosts to base-metal and PGE mineralisation.

2.7.4 Regional geology

Regionally, the Kulgera prospect covers the eastern portion of the Musgrave Block. In this area it comprises Proterozoic-aged Fregon Terrane granulites and transitional granulite grade

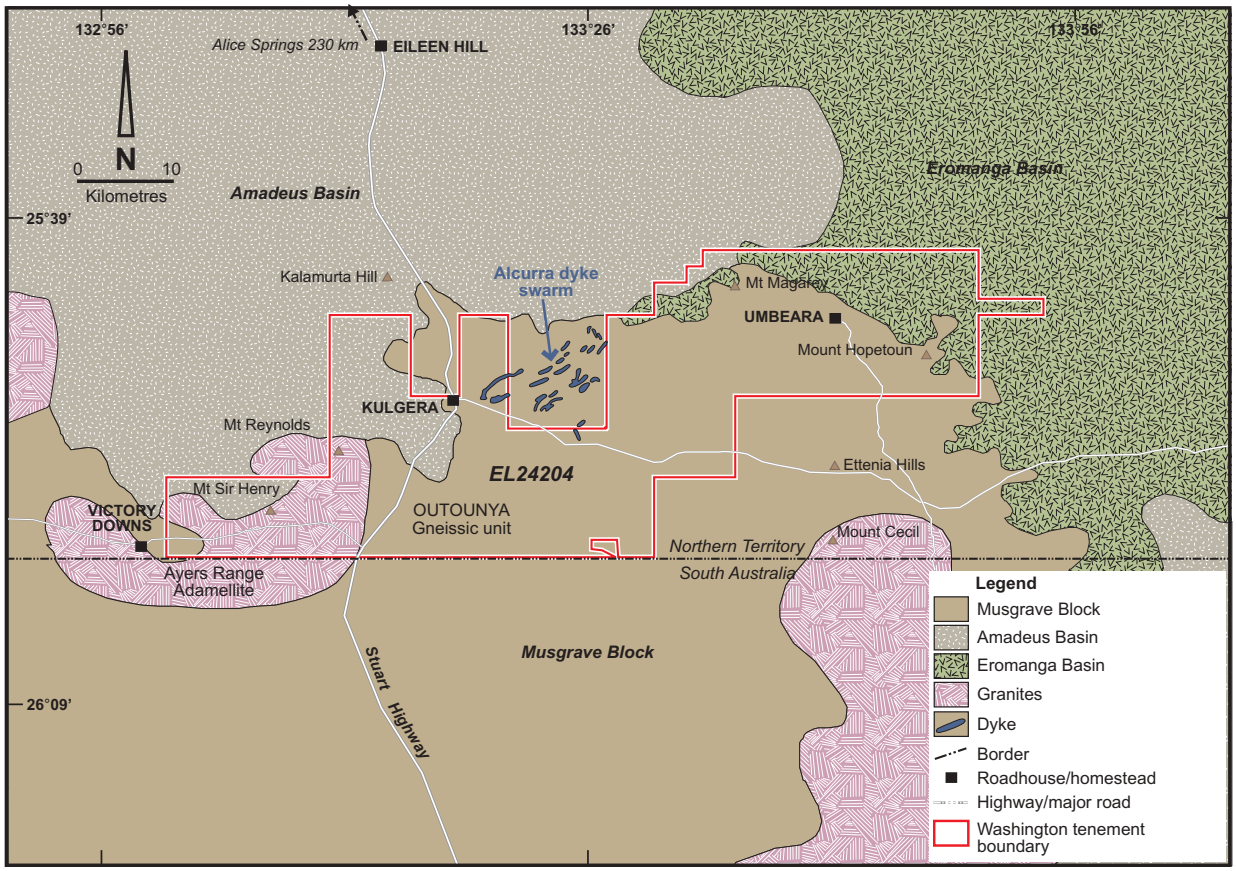


Figure 13. Kulgera prospect – geology.

gneisses, Kulgera Adamellite granite, Ayers Rangers adamellite granite and Mulga Park Terrane granite, which along the northern boundary are overlain by Devonian Carboniferous sandy-silt sediments of the Amadeus Basin and Mesozoic sandstones (Figure 13).

2.7.5 Local geology

Locally, the geology comprises an extensive cover of sandy colluvium and indurated calcrete, with alluvial sandy deposits along the major drainages. Fregon Terrane adamellite, granite and monzonite outcrops occur in the southwestern corner of the tenement, flanked by quartz-feldspar-biotite and garnet gneisses of the Outounya Gneissic Unit to the east and northeast (Figure 13).

Intrusive dolerite dykes of the Alcurra Dyke Swarm intrude the Outounya Gneisses east of the Stuart Highway. Both east-west and northeast-southwest trending shear fabrics are present within the tenement area.

EL 24204 is the site of a number of diamond drill holes completed by the NTGS; namely, K9, K11, K12, K13 and K15-17. It is believed that examination of the drill logs, together with NTGS geophysical airborne surveys, will provide valuable information on the geological structure and mineral exploration of the underlying rock types.

2.7.6 Conclusions

EL 24204 covers a large area of Proterozoic-aged Musgrave Block igneous and sedimentary rocks in the southern part of the Northern Territory, adjacent to the South Australian border. The area is virtually unexplored and its potential for economic mineralisation has not yet been tested. To the west and south of the prospect (in Western Australia and South Australia), significant base-metal and PGE mineralisation has been identified as a result of recent exploration by a number of companies, including WMC Resources Ltd and Anglo American.

A data review of available drilling and geophysical survey information compiled by the NTGS is expected to provide valuable information concerning the potential of the area.

2.7.7 Proposed exploration and expenditure – Kulgera

Kulgera EL24204	Year 1 $	Year 2 $	Total $
Data acquisition and review	5,000		
Detailed aeromagnetic surveys	20,000		
Aerial photography and mapping	25,000		
Geochemical survey	30,000		
RAB drilling		62,500	
Assay		24,000	
Salaries, consultants	19,000	25,000	
Administration	12,350	11,150	
Total	**111,350**	**122,650**	**234,000**

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16 August 2005

The Directors
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8. SOLICITORS' REPORT

Dear Sirs

Solicitor's Report - Mining Tenements and Tenement Applications

This report ("**Report**") is prepared for inclusion in a prospectus ("**Prospectus**") to be issued by Washington Resources Limited ACN 097 532 137 ("**Washington**" or "**Company**") for an offer to the public by the Company of 15,000,000 fully paid ordinary shares at an issue price of $0.20 per share to raise up to $3,000,000 (before costs of the offer).

This Report relates to the various tenements issued under the *Mining Act 1978* (WA) ("**WA Mining Act**") ("**WA Tenements**") and issued under the *Mining Act* (NT) ("**NT Mining Act**") ("**NT Tenements**") together with applications for tenements under the WA Mining Act ("**WA Tenement Applications**") and under the NT Mining Act ("**NT Tenement Applications**"). It also contains information regarding the native title claims and other interests affecting the WA Tenements, the NT Tenements, the WA Tenement Applications and the NT Tenement Applications (collectively the "**Tenements**"), as set out in a schedule of Tenements ("**Schedule of Tenements**") at the end of this Report. The Schedule of Tenements forms part of this Report.

1. Searches

1.1 Title Searches

We reviewed the results of searches conducted by the Department of Industry and Resources in Western Australia ("**DIR**") of the register maintained by the DIR pursuant to the WA Mining Act in relation to the WA Tenements and WA Tenement Applications. The searches were conducted on 20 July 2005.

We have also reviewed the results of searches conducted by the Department of Primary Industry in the Northern Territory ("**DPI**") of the register maintained by the DPI pursuant to the NT Mining Act in relation to the NT Tenements and NT Tenement Applications. The searches were conducted on 26 July 2005. The Company also provided us with copies of the instruments of title in respect of the NT Tenements.

As a result of those searches, and subject to the statements set out in this Report, we are satisfied that the information and particulars included in this Report in relation to the Tenements (including the Schedule of Tenements at the end of this Report), are an accurate statement of the status of the Tenements as at the date the searches were conducted.

1.2 Native Title Searches and Aboriginal Heritage

We have reviewed the results of "Quick Appraisal" searches conducted by the DIR of the WA Mining Tenements and WA Mining Tenement Applications. The searches were conducted on 17 May 2005. We have been provided with the results of searches conducted by the National Native Title Tribunal ("**Tribunal**") of the Register of Native Title claims maintained by the Tribunal in respect of the land covered by the WA Tenements and the WA Tenement Applications. The search results are dated 4 and 5 May 2005 in respect of the WA Tenements and 2 June 2005 in respect of the WA Tenement Applications.

We have conducted a search of the register of Aboriginal heritage sites kept under the *Aboriginal Heritage Act 1972* (WA) ("**Aboriginal Heritage Act**") on 9 May 2005.

We have been provided with the results of searches conducted by the Tribunal of the Register of Native Title claims maintained by the Tribunal in respect of the land covered by the NT Tenements and the NT Tenement Applications. The search results are dated 4 and 5 May 2005. We have reviewed the results of searches conducted by the Land Administration Division of the Department of Planning and Infrastructure in the Northern Territory ("**DPIFM**") for any land rights claims made under the *Aboriginal Land Rights (Northern Territory) Act 1976* ("**ALRA**") in respect of land covered by the NT Tenements and NT Tenement Applications as at 5 May 2005. We have also reviewed the results of searches conducted by the Minerals and Energy Division of the DPI for the underlying land tenure in respect of the NT Tenements and NT Tenement Applications. The search results were provided to us on 6 May 2005.

1.3 Schedule of Tenements

The Schedule of Tenements provides an accurate statement of the status of the Tenements based on the searches conducted at the DIR, DPI, DPIFM and Tribunal referred to in paragraphs 1.1 and 1.2 of this Report, as at the date those searches were conducted. The Company is not registered on the title searches as the holder of the WA Tenements and NT Tenements or as the applicant for the NT Tenement Applications where so indicated in the Schedule of Tenements. The interest of the Company in these WA Tenements, NT Tenements and NT Tenement Applications is, therefore, contractual in nature and subject to the enforceability of the material contracts in relation to the Tenements provided to us by the Company, details of which are set out below in paragraph 3 ("**Material Contracts**") and the Company and the other relevant parties fulfilling the terms of the relevant Material Contracts. There is a column in the Schedule of Tenements headed "Reference to Report Paragraph" which links the Schedule of Tenements to the sub-paragraph of paragraph 3 of this Report where a relevant Material Contract is discussed in order to indicate the extent to which the Company has an interest in the WA Tenements, NT Tenements and NT Tenement Applications.

2. Assumptions and Qualifications

Our Report is based on, and subject to, the assumptions and qualifications set out below and as otherwise specified elsewhere in this Report:

(a) We have relied upon information provided by third parties, including the DIR, DPI, DPIFM, the Tribunal, and the Department of Indigenous Affairs (which maintains the register of Aboriginal Heritage Sites on its website), in response to searches made, or caused to be made, by us and have relied upon that information being accurate, complete

and up to date. We cannot comment on whether any changes have occurred in respect of the Tenements between the date on which the searches were conducted and the date of the Prospectus.

(b) We have relied upon information provided by third parties, including the Company and its representatives and agents, in response to investigations and searches made, or caused to be made, by us and have relied upon that information as being accurate, complete and up to date. We cannot comment on whether any changes have occurred in respect of the Tenements between the date on which the information was provided to us and the date of the Prospectus.

(c) The WA Tenement Applications and the NT Tenement Applications comprise applications for tenements and we express no opinion as to whether and when such applications will ultimately be granted in whole or in part.

(d) An application to transfer or assign an Exploration Licence must be accompanied by particulars of the Company's:

(i) technical qualifications;

(ii) technical advice available; and

(iii) financial resources,

and we are not in a position to express any opinion as to its adequacy in relation to such application.

(e) Where agreements have not been registered in relation to granted WA Tenements or NT Tenements or tenements granted as a result of the WA Tenement Applications or the NT Tenement Applications, we express no opinion as to whether such registration may be effected, or the consequences of non-registration.

(f) Where Ministerial consent is required in relation to any agreements or to the transfer of any granted WA Tenements or NT Tenements or tenements granted as a result of the WA Tenement Applications or the NT Tenement Applications, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any matter which would cause consent to be refused.

(g) We have assumed that we have been provided with copies of all the material agreements in respect of the Tenements and express no opinion as to whether any additional agreements in respect of the Tenements exist.

(h) We have assumed that the seals and signatures on all the Material Contracts are authentic, and that the Material Contracts were within the capacity and powers of, and validly authorised, executed and delivered by and are binding on, the parties to them and comprise the entire agreement of the parties to each of them with respect to their respective subject matters.

(i) We have assumed that the parties to each of the Material Contracts are complying with and will continue to comply with and fulfil the terms of the Material Contracts, and that the representations made by third parties (including the Company, its representatives and agents) in relation to the Material Contracts are true and correct.

(j) Where compliance with the terms and conditions of any WA Tenement or WA Tenement Application and the provisions of the WA Mining Act and *Mining Regulations 1981* (WA) ("**WA Mining Regulations**"), including requirements necessary to maintain the WA Tenements in good standing, or a possible claim in relation to the WA Tenements or WA Tenement Applications by third parties is not disclosed on the face of the searches referred to in paragraph 1 above, we express no opinion as to such compliance or claim.

(k) Where compliance with the terms and conditions of any NT Tenement or NT Tenement Application and the provisions of the NT Mining Act and *Mining Regulations* (NT) ("**NT Mining Regulations**"), including requirements necessary to maintain the NT Tenements in good standing, or a possible claim in relation to the NT Tenements or NT Tenement Applications by third parties is not disclosed on the face of the searches referred to in paragraph 1 above, we express no opinion as to such compliance or claim.

(l) Native title or Aboriginal heritage sites or objects may exist in the areas covered by the Tenements. Whilst we have conducted some searches to ascertain what native title claims, if any, have been registered over these areas, we have not conducted any independent investigations regarding the likely existence or non-existence of native title or Aboriginal heritage sites or objects.

3. Material Contract Review

3.1 General

We have examined the Material Contracts. Unless specifically noted, the Material Contracts are the only material contracts in relation to the Tenements of which we are aware.

We make the comments set out below in relation to the Material Contracts and the Tenements. This Report contains a summary only of the Material Contracts.

3.2 Tenement Sale Agreement affecting Northern Territory ELA23932, ELA23933, EL24166, ELA24174, ELA24177, EL24178, ELA24179, ELA24193, EL24204, EL23934 and EL23937

The Company and Norman Sydney McCleary ("**McCleary**") executed a Tenement Sale Agreement dated 24 March 2005 ("**Sale Agreement**") and stamped on 9 May 2005.

Pursuant to the Sale Agreement, McCleary agreed to sell to Washington his 100% interest in the following NT Tenements and NT Tenement Applications: ELA23932; ELA23933; ELA24174; ELA24177; ELA24179; and ELA24193 ("**Sale Tenement Applications**"); EL23934; EL23937; ELA24166 (since granted as EL24166); ELA24178 (since granted as EL24178); and ELA24204 (since granted as EL24204) ("**Sale Tenements**"). The consideration for the sale of the Sale Tenement Applications and Sale Tenements to Washington was the payment to McCleary of $37,500 within 5 business days of execution of the Sale Agreement and the issue of 1,500,000 ordinary shares in Washington at an issue price of $0.0067 within 10 business days of such

execution, together with a further sum of $50,000 payable within 10 business days of the official quotation of Washington's securities on Australian Stock Exchange Limited ("**ASX**") for the first time ("**Listing**") and a further 500,000 ordinary shares in Washington issued on the day shares in the Company are first offered to the public as part of an initial public offer by Washington.

The sale of the Sale Tenement Applications and Sale Tenements was subject to the conditions that any approval, consent or registration required under the provisions of the NT Mining Act in respect of the Sale Tenement Applications and Sale Tenements are obtained. Ministerial consents will be required pursuant to section 173 of the NT Mining Act. No such consents to transfer have been obtained as at the date of this Report and as a result, the precondition to Washington obtaining an interest in the Sale Tenement Applications and the Sale Tenements has not yet been fulfilled. In respect of the Sale Tenement Applications, the Sale Agreement and transfers have been lodged for registration with the DPI. However, transfer may only occur of any exploration licences granted as a result of a NT exploration licence application. The Company may not therefore be registered as the holder of the Sale Tenement Applications until exploration licences are granted as a result of the pending Sale Tenement Applications. However as between the parties, the Sale Agreement remains in force.

An application to transfer or assign a NT exploration licence must be accompanied by:

(a) the instrument by which it is proposed to transfer or assign the exploration licence (in this case the Sale Agreement);

(b) in the case where the transferee or assignee will be entitled to carry out exploration or mining activities in the licence or mining tenement area, particulars of the:

  (i) technical qualifications of the Company and its employees;

  (ii) technical advice available to the Company; and

  (iii) financial resources of the Company; and

(c) such further or other particulars as the NT Minister may require.

We have not reviewed any of the information referred to at paragraph 3.2(b) above and required to be supplied by the Company and therefore express no opinion as to its adequacy for the purposes of any such application.

The stamped Sale Agreement was registered against the Sale Tenements on 15 June 2005. It is a further prerequisite to the Company becoming the registered holder of any of the Sale Tenements and tenements granted as a result of the Sale Tenement Applications that transfers of those tenements be registered with the DPI pursuant to the NT Mining Act. As at the date of the tenement searches in respect of the Sale Tenements, the tenement transfers in respect of the Sale Tenements have been lodged for registration with the DPI, but Ministerial consent to transfer has not been obtained and the transfers have not been registered as yet. Therefore, Washington currently holds an equitable interest in the Sale Tenements and Sale Tenement Applications pursuant to the Sale Agreement.

In the event that the Listing has not taken place by 31 May 2006, McCleary may elect to repurchase the Sale Tenements for a total consideration of $1.00. In this event, the remaining part of the consideration (being $50,000) will not be payable by the Company to McCleary.

We are unable to express any opinion as to:

(a) whether and when the relevant NT Minister will grant NT exploration licences pursuant to the pending Sale Tenement Applications;

(b) whether and when the NT Minister will approve the transfer of each of the Sale Tenements (and any NT exploration licences granted pursuant to the pending Sale Tenement Applications) to the Company;

(c) whether and when the transfers of each of the granted Sale Tenements and any NT exploration licences granted pursuant to the pending Sale Tenement Applications to the Company will be registered by the DPI; or

(d) whether and when the Listing will be completed.

3.3 Project Development Agreement

The Company and Murchison Resources Pty Ltd ACN 009 175 491 ("**Murchison**") executed a Project Development Agreement dated 17 January 2005 (which was varied by a letter agreement dated 20 July 2005) ("**PD Agreement**").

Pursuant to the PD Agreement, Murchison agreed to sell to Washington an 80% interest in the following WA Tenements: EL70/2301; EL70/2579; and ELA70/2722 (since granted as EL70/2722) ("**PD Tenements**"). The consideration for the sale of the PD Tenements to Washington was the payment to Murchison of $380,000, with $60,000 having been paid prior to the PD Agreement being signed, $70,000 being payable on execution of the PD Agreement and $250,000 being payable within 10 business days after the Listing is completed.

The sale of the PD Tenements was subject to the conditions that any approval, consent or registration required under the provisions of the WA Mining Act in respect of the Sale Tenements are obtained. Ministerial consents will be required pursuant to section 64 of the WA Mining Act, which provides that during the first year of its term, a WA exploration licence, or an interest in an exploration licence, may not be transferred or otherwise dealt with, whether directly or indirectly, without the consent in writing of the Minister. Any such transaction entered into without that consent will not be effective to transfer the exploration licence. Similarly, while a WA exploration licence may be charged without consent, no assignment or transfer of the licence (during the first year of its term) for the purpose of enforcing a charge may be made without the consent in writing of the Minister. No such consents have been obtained as at the date of this Report and as a result, the precondition to Washington obtaining an interest in the PD Tenements has not yet been fulfilled.

The stamped PD Agreement was lodged at the DIR for registration against the PD Tenements on 18 July 2005. As at the date of the tenement searches in respect of the PD Tenements, the PD Agreement has not been registered against the PD Tenements by the DIR. Subregulation 110(3) of the WA Mining Regulations provides that "[n]o dealings shall be effectual to pass any estate or interest in a mining tenement or in any way to charge or encumber a mining tenement until registered in accordance with subregulation (2)". Subregulation 110(2) provides that the registration of dealings is to be effected at the DIR by an officer acting on behalf of the WA Minister. As a result, the PD Agreement itself will not be effectual to pass any estate or interest in any of the WA Tenements the subject of the PD Agreement until so registered. However, as between the parties, the PD Agreement remains in force. It is a further prerequisite to the

Company becoming the registered holder of any of the PD Tenements that transfers of those tenements be registered with the DIR pursuant to regulation 75 of the WA Mining Regulations. As at the date of this Report, Washington has not lodged the tenement transfers in respect of the PD Tenements with DIR.

In the event that the Listing has not taken place by 31 October 2005, Murchison may elect to repurchase the PD Tenements for a total consideration of $1.00.

The PD Agreement also provides that Washington is sole funding expenditure on the PD Tenements until 15 business days after a decision by Washington to commence commercial mining operations on the area of the PD Tenements. Following that, expenditure on the PD Tenements will be borne by the parties in their proportionate interests (i.e. Washington 80% and Murchison 20%), unless Murchison does not wish to commence mining operations, in which case Murchison's 20% interest in the PD Tenements will convert into a royalty of 1% of the gross revenue derived from the sale of any minerals from the PD Tenements which are produced as a result of mining operations carried out by or through Washington. The parties agree to negotiate in good faith to execute a joint venture agreement to govern their relationship on a decision to mine, or a royalty agreement if Murchison converts to a royalty. There is also a provision in the PD Agreement for Murchison's interest to dilute according to a prescribed formula if it is unable to meet its share of funding of mining operations on the PD Tenements and, should Murchison's interest dilute to 5% or less, at Washington's option, Washington may purchase Murchison's remaining interest at market value (as determined by an expert) or for Murchison's interest to convert to a royalty of 1% of the gross revenue derived from the sale of any minerals from the PD Tenements which are produced as a result of mining operations carried out by or through Washington.

We are unable to express any opinion as to:

(a) whether and when the WA Minister will approve the transfer of each of the PD Tenements to the Company; or

(b) whether and when the PD Agreement and the transfers of each of the PD Tenements to the Company will be registered by the DIR; or

(c) whether and when the Listing will be completed.

3.4 Consent and Compensation Agreement - Garry Stephen Manning and Kim Annette Manning

The Company and Garry Stephen Manning and Kim Annette Manning ("**Mannings**") executed a Consent and Compensation Agreement on 18 February 2005 ("**Manning CCA**") in relation to EL70/2301, located over the whole or part of Freehold Crown Grant 3817 ("**Manning Land**") (stamped on 2 March 2005).

Under the Manning CCA, the Mannings consented pursuant to section 29 of the WA Mining Act to the grant of EL70/2301 to Washington, including surface rights, and to the entry by the Company, its employees, contractors or agents upon the Manning Land for all purposes connected with and incidental to EL70/2301 (and any extension, variation, or renewal thereof). In consideration, the Company must pay the Mannings $200 within 30 days of execution of the agreement and further prescribed compensation for various types of land disturbance, provided that where extensive disturbance is likely, additional provision may be made for actual land disturbance at prescribed rates (based on whether the land is non-cultivated or cultivated).

The Company is also subject to various limitations on its activities on the Manning Land consistent with preserving the Mannings' rights to the use and enjoyment of the Manning Land and to carry out their normal farming operations (including obligations to make good any damage to improvements on the Manning Land), giving notice prior to carrying out activities and providing annual reports of those activities.

The consent contained in the Manning CCA has not at the date of this Report been filed in accordance with the WA Mining Regulations (as discussed in paragraph 4.6 below) and cannot be so as Washington is not yet the registered holder of EL70/2301. As a result, the Manning CCA will not be effectual to allow the amendment of EL70/2301 to grant rights to explore in respect of the portion of the Manning Land that is less than 30 metres below the lowest part of the natural surface of the Manning Land. However, as between the parties, the Manning CCA remains in force.

3.5 Consent and Compensation Agreement - Boolardy Pastoral Company Pty Ltd

The Company and Boolardy Pastoral Company Pty Ltd ("**Boolardy**") executed a Consent and Compensation Agreement on or around 3 May 2005 ("**Boolardy CCA**") in relation to EL70/2579, located over the whole or part of Freehold Lots M611, 612, 613, 614, 615 and 616 on Plan 3040 and Freehold Lots M620, 621, 622, 623 and 624 on Plan 3041 ("**Boolardy Land**") (stamped on 3 May 2005).

Under the Boolardy CCA, Boolardy consented pursuant to section 29 of the WA Mining Act to the grant of EL70/2579 to Washington, including surface rights, and to the entry by the Company, its employees, contractors or agents upon the Boolardy Land for all purposes connected with and incidental to EL70/2579 (and any extension, variation, or renewal thereof). In consideration, the Company must pay Boolardy $200 within 30 days of execution of the agreement and further prescribed compensation for various types of land disturbance, provided that where extensive disturbance is likely, additional provision may be made for actual land disturbance at prescribed rates (based on whether the land is non-cultivated or cultivated).

The Company is also subject to various limitations on its activities on the Boolardy Land consistent with preserving the Boolardy rights to the use and enjoyment of the Boolardy Land and to carry out its normal farming operations (including obligations to make good damage to improvements on the Boolardy Land), giving notice prior to carrying out activities and providing annual reports of those activities.

The consent contained in the Boolardy CCA has not at the date of this Report been filed in accordance with the WA Mining Regulations (as discussed in paragraph 4.6 below) and cannot be so as Washington is not yet the registered holder of EL70/2579. As a result, the Boolardy CCA will not be effectual to allow the amendment of EL70/2579 to grant rights to explore in respect of the portion of the Boolardy Land that is less than 30 metres below the lowest part of the natural surface of the Boolardy Land. However, as between the parties, the Boolardy CCA remains in force.

3.6 Consent and Compensation Agreement - Barrie Nominees Pty Ltd

The Company and Barrie Nominees Pty Ltd ("**Barrie**") executed a Consent and Compensation Agreement on 11 August 2005 ("**Barrie CCA**") in relation to EL70/2579, located over the whole

or part of Freehold Lot M619 on Plan 3041, Freehold Lots M625, 626 and 627 on Plan 3042 and Lease P 924/3481 and M97 ("**Barrie Land**") (stamped on 11 August 2005).

Under the Barrie CCA, Barrie consented pursuant to section 29 of the WA Mining Act to the grant of EL70/2579 to Washington, including surface rights, and to the entry by the Company, its employees, contractors or agents upon the Barrie Land for all purposes connected with and incidental to EL70/2579 (and any extension, variation, or renewal thereof). In consideration, the Company must pay Barrie $200 within 30 days of execution of the agreement and further prescribed compensation for various types of land disturbance, provided that where extensive disturbance is likely, additional provision may be made for actual land disturbance at prescribed rates (based on whether the land is non-cultivated or cultivated).

The Company is also subject to various limitations on its activities on the Barrie Land consistent with preserving the Barrie rights to the use and enjoyment of the Barrie Land and to carry out its normal farming operations (including obligations to make good damage to improvements on the Barrie Land), giving notice prior to carrying out activities and providing annual reports of those activities.

The consent contained in the Barrie CCA has not at the date of this Report been filed in accordance with the WA Mining Regulations (as discussed in paragraph 4.6 below) and cannot be so as Washington is not yet the registered holder of EL70/2579. As a result, the Barrie CCA will not be effectual to allow the amendment of EL70/2579 to grant rights to explore in respect of the portion of the Barrie Land that is less than 30 metres below the lowest part of the natural surface of the Barrie Land. However as between the parties, the Barrie CCA remains in force.

4. General information in relation to tenements and tenement applications

4.1 NT Exploration Licence

An exploration licence granted pursuant to the NT Mining Act remains in force for up to 6 years from the date of grant. An exploration licence may be renewed for 2 further terms of 2 years. The holder of a NT exploration licence is authorised to carry out exploratory operations as described in the NT Mining Act, and the exploration licence, with respect to its area. The land area of the Northern Territory is divided into "blocks" which are defined by reference to graticular sections. A NT exploration licence may be granted for areas of land not exceeding 500 "blocks". The area covered by an exploration licence is required to be reduced by not less than 50% after the second year of the term and in each subsequent year. The reduction may be deferred or waived by application to the Minister, and does not apply to any renewal period.

Standard conditions are imposed on the grant of an exploration licence pursuant to sections 24 and 166 of the NT Mining Act. Conditions may also be imposed by the Minister relating to native title rights and interests.

The NT Mining Act provides that an exploration licence granted under the NT Mining Act, or an interest in such an exploration licence, may not be created, assigned or dealt with, whether directly or indirectly, without the consent in writing of the Minister. Further, an exploration licence granted under the NT Mining Act may not be mortgaged.

4.2 NT Exploration Licence Applications

If an exploration licence application under the NT Mining Act is successful, the Minister will notify the applicant of his or her intention to grant the application subject to the payment of the required rent and security (if any). Subject to fulfilment of these conditions, an exploration licence will be issued pursuant to the NT Mining Act by the Minister. We are unable to express any opinion as to whether or not (and when) the Minister will grant an exploration licence pursuant to any NT Tenement Applications or as to the conditions to which the tenements may be subject if granted.

4.3 NT Access Arrangements

The results of our enquiries with the DPI and the DPIFM indicate that that there is no private freehold land in the area the subject of the NT Tenements and NT Tenement Applications. However, portions or the whole of the land underlying each of:

(a) EL23934, EL23937, EL24166, EL24178 and EL24204 are the subject of perpetual pastoral leases;

(b) ELA23932, ELA23933, ELA24174, ELA24177, ELA24179 and ELA24193 are held by Aboriginal Land Trusts; and

(c) EL23937 is the subject of a native title claim.

Agreements with relevant Aboriginal Land Councils will be required before the NT Tenement Applications are granted, which may include conditions regarding access to the tenements granted as a result of the NT Tenement Applications. Further agreements (or the transfer or assignment of existing agreements) may be required with the relevant pastoral lessees and native title claimants in order for the Company to carry out exploration activities on those areas of land affected by pastoral leases and/or native title claims. We have not been provided with access agreements or any Indigenous Land Use Agreements ("**ILUA**") in respect of the NT Tenements or NT Tenement Applications and express no opinion in relation to whether further agreements will be necessary or whether existing agreements will allow the Company to carry out its intended purposes or whether they will be transferred or assigned to the Company.

4.4 WA Exploration Licence

Based on the current provisions of the WA Mining Act, an exploration licence granted pursuant to the WA Mining Act will remain in force for 5 years from the date of grant and may be renewed by the Minister, in certain circumstances, for up to a total further period of 5 years.

The holder of a WA exploration licence is authorised to carry out exploratory operations of a kind set out in the WA Mining Act with respect to its area. The land area of Western Australia is divided into "blocks" which are defined by reference to graticular sections. A WA exploration licence may be granted for areas of land not exceeding 70 "blocks". The area covered by an exploration licence is required to be reduced by not less than 50% after the first 3 years of its term and again after the fourth year of its term.

Conditions are imposed on the grant of an exploration licence pursuant to the WA Mining Act. These include conditions relating to the environment and include standard exclusions and conditions imposed pursuant to the WA Mining Act. In addition, more particular conditions are

imposed on specific tenements (as noted in respect to the WA Tenements in the notes to the Schedule of Tenements at the end of this Report). The WA Mining Act provides that during the first year of its term, an exploration licence granted under the WA Mining Act, or an interest in such an exploration licence, may not be transferred or otherwise dealt with, whether directly or indirectly, without the prior written consent of the WA Minister. Any such transaction entered into without that consent will not be effective to transfer an interest in or affecting the exploration licence. Similarly, while an exploration licence granted under the WA Mining Act may be charged without consent, no assignment or transfer of the licence (during the first year of its term) for the purpose of enforcing a charge may be made without the consent in writing of the Minister.

4.5 WA Exploration Licence Applications

If an application for an exploration licence under the WA Mining Act is successful then an exploration licence will be issued pursuant to the WA Mining Act by the WA Minister. We are unable to express any opinion as to whether or not (and when) the WA Minister will grant any exploration licence pursuant to any of the WA Tenement Applications or as to the conditions to which the tenements may be subject if granted.

4.6 WA Access Arrangements

Significant proportions of the areas covered by the WA Tenements and the WA Tenement Applications are freehold land. Section 29 of the WA Mining Act provides that except with the consent of the owner of private land, a mining tenement will not be granted in respect of private land in specified categories (e.g. land under cultivation), unless the mining tenement is granted only in respect of that part of that private land which is not less than 30 metres below the lowest part of the natural surface of that private land. As a result, that portion of such private land which is less than 30 metres below the lowest part of its natural surface is not open for mining.

However, if the WA Minister is satisfied that both the owner and occupier of private land which falls within one of the prescribed categories have consented in writing to the grant of a mining tenement in respect of the portion of the land that is less than 30 metres below the lowest part of the natural surface of the private land, the Minister may grant an application for the mining tenement to be amended so that it includes that portion of the land that is less than 30 metres below the lowest part of its natural surface. Pursuant to the WA Mining Regulations, such consents must be in writing and filed at the office of the mining registrar, and are commonly contained in access agreements whereby the tenement holder also agrees to pay compensation to the owner and occupier for damage and disturbances caused to the land and the operations of the owner and occupier.

As discussed in paragraphs 3.4, 3.5 and 3.6 above, the Company has negotiated consent and compensation agreements with the owners of some of the portions of the land to which EL70/2579 and E70/2301 relate. Upon filing of the evidence of such consent in writing of the relevant owners (and occupiers) pursuant to the WA Mining Regulations and the grant by the Minister of the amendments described in paragraphs 3.4, 3.5 and 3.6 above, the Company will be entitled to carry out exploration on the areas of land described in paragraphs 3.4, 3.5 and 3.6 above. However, the Company will not be entitled to carry out exploration on the remaining portions of these tenements until compensation agreements have been concluded with the relevant land owners.

Although we understand the Company is currently undertaking negotiations with third parties, we have not been provided with copies of any similar fully executed agreements in relation to the remaining portions of EL70/2579 and EL70/2301 and any of EL70/2722, ELA70/2718, ELA70/2719 or ELA70/2720. Further agreements will be required with the relevant land holders

in order for the Company to carry out exploration activities on those areas of land affected. We cannot comment on what compensation arrangements have been or will be negotiated with the private land owners and occupiers, or whether the Minister may in the future grant an application for any granted mining tenement to be amended to include that portion of the land that is less than 30 metres below the lowest part of its natural surface of any private land.

4.7 WA Reserves

In Western Australia, where mining tenements cover areas which are within "reserves", consent of the WA Minister may be required before exploration and mining activities are allowed on the area covered by the reserve. The Notes to the Schedule of Tenements provide details of some of the reserves over which the WA Tenements encroach, together with details of the conditions applied to such WA Tenements in relation to the exploration of such areas.

5. Information in relation to native title and aboriginal heritage

5.1 Native Title and ILUAs Generally

(a) Native title

The common law of Australia recognises a form of native title which, in circumstances where it has not been extinguished, reflects the entitlement of the indigenous inhabitants, in accordance with their laws or customs, to their traditional lands.
Native title may be extinguished by the valid exercise of governmental powers provided there was a clear and plain intention to do so. Since 31 October 1975 when the *Racial Discrimination Act 1975* (Cth) ("**RDA**") became operational, any act by a governmental authority intending to extinguish native title will only be lawful if the act complies with the provisions of the RDA.

The *Native Title Act 1993* (Cth) ("**Native Title Act**") sets out the procedures which must be followed when lodging an application for a determination of native title. These procedures require the Federal Court to refer a native title claim to the Native Title Registrar who must apply the registration test set out in the Native Title Act. If the Native Title Registrar considers that a claim satisfies the registration test, the claim is entered on the register of Native Title claims maintained by the Tribunal. If a claim fails to meet the registration test it may still be entered on the register at a later date if additional information is provided by the native title claimants that satisfies the registration test.

Upon registration, a native title claimant must prove their claim in the Federal Court, in order to have the native title recognised. However, certain rights arise upon registration of the native title claim which are not dependent on native title being proven in the Federal Court.

The Native Title Act also sets out procedures that are collectively known as the "right to negotiate". Upon registration of a claim, the claimant is entitled to the "right to negotiate" with respect to certain "acts" that may affect native title. If the right to negotiate procedures are not complied with, the relevant "act" will be invalid to the extent that it affects native title.

The grant of a mining tenement is an "act" that may "affect" native title and (unless the mining tenement is wholly over native title clear land or land over which native title has been extinguished) is likely to attract the right to negotiate procedure. Native title may be extinguished by a grant of an interest in land which is wholly inconsistent with native title rights and interests (for example, freehold land). However, the granting of a lesser form of interest which would not be wholly inconsistent with native title rights and interests (for example, an interest that does not confer exclusive possession) will not extinguish native title.

The right to negotiate procedure under the Native Title Act arises when a State or Territory gives written notice of its intention to grant a mining tenement. A claimant has four months to file an objection to the doing of an act or to register a native title claim. The State or Territory, the native title parties and the applicant for the tenement must negotiate in good faith with a view to agreeing to the grant of a tenement. If within 6 months the parties fail to reach an agreement, any party may apply to the Tribunal for a determination as to whether the tenement may be granted. The Tribunal must make its determination within 6 months.

The Native Title Act provides that an expedited procedure may be utilised in certain circumstances as an alternative to the right to negotiate procedures. A native title claimant is entitled to object to the application of the expedited procedure and the issue of the application of the expedited procedure must then be determined by the Tribunal.

A company may negotiate an agreement (possibly an ILUA) with native title claimants addressing all relevant issues arising under the Native Title Act with respect to all mining tenement applications made by the company, within a defined geographical region of the Native Title Claim area. Where such an agreement is made, the company will not have to engage in the right to negotiate process for the grant of mining tenements (within the area the subject of the agreement) as all matters that would otherwise be dealt with by this process would be agreed.

(b) ILUAs

An ILUA is a voluntary agreement about the use and management of land made between a native title holder/claimant and other individuals or organisations with an interest in the land. Once an agreement is finalised, parties to an ILUA can apply to the Native Title Registrar to have it registered. If the ILUA satisfies all of the conditions set out in the Native Title Act, the Native Title Registrar is required to notify the public and others that the parties have applied for registration. Once an ILUA is accepted for registration, the ILUA is placed on the Tribunal's Register of Indigenous Land Use Agreements .

The Register includes the following details:

(i) a description of the area covered by the agreement;

(ii) the name of each party to the agreement and the address at which the party can be contacted;

(iii) if the agreement specifies the period during which it will operateó that period; and

(iv) if the agreement includes any statements regarding extinguishment, validation or future actsó a reference to the existence of such statement, setting out any such statement.

The Native Title Registrar may also enter onto the Register any other details of the agreement that are considered appropriate. Because ILUAs are a type of commercial contract, there are issues of confidentiality and only limited information is kept on the Register.

Registered ILUAs are a type of contract between native title holders/claimants and other parties. They bind all parties and all native title holders/claimants to the terms of the agreement.

A registered ILUA binds all native title holders/claimants in the area, even if they were not involved in the agreement. It enables development to take place on the land and generally establishes compensation payable to the native title holder/claimant. An ILUA will then remain registered unless it expires, parties advise the Native Title Registrar that they wish to terminate the agreement, or other specific circumstances occur.

5.2 Northern Territory Land Claims

Land rights claims in the Northern Territory are made under the ALRA. The central object of the ALRA is the return (pursuant to a statutory procedure specified in the ALRA) of land in the Northern Territory to the traditional Aboriginal owners. The term ìtraditional Aboriginal ownerî and the land which may be subject to the claim are both defined in the ALRA. Land which may be claimed is defined as unalienated Crown land or land in which all estates and interests not held by the Crown are held by or on behalf of Aboriginal people. A successful claim results in the tenure of the land being converted to inalienable Aboriginal freehold.

The ALRA regime provides for land claims to be heard administratively by the Aboriginal Land Commissioner (appointed under the ALRA). After conducting his inquiry, the Commissioner may make recommendations to the Commonwealth that the land the subject of the claim be declared Aboriginal land and an Aboriginal Land Trust appointed.

The ALRA includes a sunset clause which has the effect that from 1997 no new claims may be lodged. Claims commenced prior to implementation of the sunset clause are still able to be heard. An indigenous person wishing to claim an entitlement to land after the sunset clause became operative needs to make the application under the Native Title Act. Put simply, indigenous persons may still lodge native title claims, though they can no longer lodge land claims.

The results of the searches we requested from the DPI and DPIFM indicate that Aboriginal freehold land underlies ELA23932, ELA23933, ELA24174, ELA24177, ELA24179 and ELA24193. The Aboriginal freehold land underlying these tenements is held by the Mount Frederick Aboriginal Land Trust, Mount Frederick No 2 Aboriginal Land Trust, Central Desert Aboriginal Land Trust, Purta Aboriginal Land Trust and Yingualyalya Aboriginal Land Trust. The use of the exploration licences granted as a result of the NT Tenement Applications may be governed by an ILUA. We have not been provided with a copy of any relevant ILUA, nor have we contacted any of the Aboriginal Land Trusts or the Central Land Council regarding the existence of ILUAs over the land the subject of the NT Tenement Applications. Therefore, we express no opinion in relation to whether the Company can carry out its intended purposes on the land,

whether further agreements will be required or whether existing agreements will be transferred or assigned to the Company.

5.3 Native Title Claims - Northern Territory

Our searches of each of the NT Tenements and the NT Tenement Applications indicated that EL23937 is covered (as a whole or in part) by a Native Title Claim as shown in the Schedule of Tenements. Additionally, EL23934, EL23937, EL24166, EL24178 and EL24204 are the subject of ILUAs.

Tenements granted after 23 December 1996 (including the NT Tenements) will be valid if the procedures under the Native Title Act have been complied with. We have not undertaken any searches or inquiries to determine whether the NT Tenements were validly granted.

Native title claimants must ultimately prove that native title exists. We have not undertaken any investigations to determine the content of the rights claimed, whether any of the claims might succeed or whether any further claims may be made.

In the event that a native title determination is successful, it may require the holder of a tenement to obtain the consent of a native title holder before mining can proceed and the conditions required for that consent may be unacceptable to the Company.

In the event that an economic resource is found on the area covered by an exploration licence granted under the NT Mining Act, further licences, leases, claims and/or permits under the NT Mining Act may be required (depending on the resource discovered and intended activities of the Company) in order to mine the resource. The application for further licences, leases, claims and/or permits under the NT Mining Act (if it is not wholly on native title clear land) may be subject to the right to negotiate procedure.

5.4 NT Tenement Applications

The search results provided to us by the Tribunal indicated that there were no current native title claims over the NT Tenement Applications. However, the NT Tenement Applications cover areas of Aboriginal land granted under the ALRA.

Part IV of the ALRA sets out the requirements for grants of exploration licences in respect of Aboriginal land. Ordinarily, (unless there has been a proclamation by the Governor General) an exploration licence may not be granted unless:

(a) both the Minister and the Aboriginal Land Council (established pursuant to the ALRA) for the area in which the land is situated have consented, in writing, to the grant of the licence; and

(b) the Aboriginal Land Council and the applicant have entered into an agreement as to the terms and conditions to which the grant of the licence will be subject.

Part IV of the ALRA also sets out the procedures an applicant for an exploration licence ("**Applicant**") must follow in its negotiations with an Aboriginal Land Council. Various steps must be taken within 12 months (or a longer period if agreed) to reach agreement on the terms and conditions to which the grant of the exploration licence will be subject. The Applicant must provide the Aboriginal Land Council with a comprehensive proposal which includes information

about the Applicant, the land affected, the proposed exploration program and the various methods for the recovery of any minerals found as a result of the exploration.

After the Land Council has consulted the traditional Aboriginal owners, if any, and any Aboriginal community or group that may be affected by the grant of the exploration licence, and the Land Council is satisfied about specified matters (including that the terms and conditions are reasonable and the traditional Aboriginal owners consent to them) it must either consent or refuse to consent to the grant of an exploration licence. If the Applicant and the Land Council fail to agree upon terms and conditions, they may request the Minister to refer the matters in dispute to a Mining Commissioner for resolution by conciliation or, failing that, by arbitration. Where a Mining Commissioner determines terms and conditions and the Applicant is willing to enter into an agreement on those terms and conditions, the Land Council must enter into such an agreement.

Where a Land Council refuses to consent to the grant of an exploration licence in respect of particular land, a further application may not be made for five years**.**

The Company will be required to negotiate with the relevant Aboriginal Land Council in respect of the NT Tenement Applications. We express no opinion as to whether and when such applications will ultimately be granted in whole or in part. Consent to negotiate has been granted and proposals have been lodged in respect of ELA24193, ELA24179, ELA24177 and ELA24174. The proposals in respect of ELA23932 and ELA23933 have expired. However, in respect of both tenements, the negotiation period has been extended by mutual consent, to permit negotiations to occur before 22 April 2006.

An exploration licence may be cancelled if works or activities are undertaken which are otherwise than in accordance with the proposed exploration program and which would affect native title parties and their land to such an extent that the Land Council would not have consented to the grant of the exploration licence. Where an exploration licence over land is cancelled, an application may not be made in respect of part or all of that land within five years of the cancellation, except with the consent of the Minister.

5.5 Northern Territory Aboriginal Heritage

The *Northern Territory Aboriginal Sacred Sites Act* 1989 (NT) ("**Sacred Sites Act**") established the Aboriginal Areas Protection Authority ("**Authority**") whose functions include facilitating discussions between the custodians of sacred sites and owners of the land or persons wanting to perform work on or near a site, and maintaining a Register of Sacred Sites. The Sacred Sites Act defines 'owner' in relation to land as a person having a legal or equitable proprietary interest in the land, including a mining tenement.

The Sacred Sites Act establishes a procedure for the protection and registration of sacred sites. A custodian of a sacred site may apply to the Authority for the site to be registered. Following an application the Authority must consult with the applicant and any other custodians to determine all aspects of the sacred site. The Authority must then give the owner of the land on which the site is situated details of the application. It must also grant the owner the opportunity to make written submissions with regard to the immediate or possible detrimental effect the registration of the site may have on the owner's proprietary interest in the land.

The Sacred Sites Act provides that it is an offence for persons to enter or carry out work on a sacred site without a necessary authority certificate issued by the Authority.

The *Aboriginal and Torres Straight Islander Heritage Protection Act 1984* (Commonwealth) ("**Heritage Protection Act**") may also apply to and protect significant Aboriginal areas and objects in the Northern Territory. The Heritage Protection Act aims to preserve and protect from injury or desecration areas and objects that are of particular significance to Aboriginal people in accordance with Aboriginal tradition. If the Minister considers that a significant Aboriginal area or object is under threat of injury or desecration, the Minister can make a declaration providing for the protection and preservation of the area or object. It is an offence to contravene a declaration or to damage, deface, or interfere with an Aboriginal object or place.

The Company will need to ensure that it complies with the Sacred Sites Act and Heritage Protection Act in respect of any significant Aboriginal sites or areas located on the Tenements.

5.6 Native Title Claims - Western Australia

Our searches of each of the WA Tenements and the WA Tenement Applications indicate that they are covered (as a whole or in part) by one or more Native Title Claims as shown in the Schedule of Tenements.

The WA Tenement Applications are only affected by Native Title Claims that have not satisfied the registration test and do not attract the right to negotiate procedure (as shown in the Schedule of Tenements).

The WA Tenements are affected by both registered and unregistered Native Title Claims. Tenements granted after 23 December 1996 (including the WA Tenements) will be valid if the procedures under the Native Title Act have been complied with. We have not undertaken any searches or inquiries to determine whether the WA Tenements were validly granted.

Native title claimants must ultimately prove that native title exists. We have not undertaken any investigations to determine the content of the rights claimed, whether any of the claims might succeed or whether any further claims may be made.

In the event that a native title determination is successful, it may require the holder of a tenement to obtain the consent of a native title holder before mining can proceed and the conditions required for that consent may be unacceptable to the Company.

In the event that an economic resource is found on the area covered by an exploration licence granted under the WA Mining Act, a Mining Lease under the WA Mining Act must be applied for and granted in order to mine the resource. The application for a Mining Lease under the WA Mining Act (if it is not wholly on native title clear land) will be subject to the right to negotiate procedure.

5.7 WA Aboriginal Heritage

Compliance with the Aboriginal Heritage Act is a standard condition imposed on mining tenements in Western Australia. The Aboriginal Heritage Act applies to all mining tenements in Western Australia.

It is an offence under the Aboriginal Heritage Act for a person to damage or in any way alter an Aboriginal site or any object on or under an Aboriginal site (which, amongst other things, include any sacred, ritual or ceremonial site of importance and special significance to people of Aboriginal descent).

A register of Aboriginal sites is kept under the Aboriginal Heritage Act and administered by the WA Department of Indigenous Affairs. However, sites and objects of significance to Aboriginal persons are protected by the Act whether or not those sites are registered under the Aboriginal Heritage Act, and there is no requirement for sites to be registered.

The searches we conducted of the register of Aboriginal sites indicates there are several registered Aboriginal sites within the areas covered by EL70/2579, ELA70/2719 and ELA2720. However, it is not possible to ascertain whether there are other unregistered Aboriginal sites in the areas covered by the WA Tenements and the WA Tenement Applications. We have not made any enquiries to determine the nature and location of any sites, either registered or unregistered, on the WA Tenements or the WA Tenement Applications.

The Company will not be able to conduct exploration activities in the vicinity of the registered Aboriginal sites or any unregistered Aboriginal sites, which damage or in any way alter the Aboriginal site. The Aboriginal Heritage Act provides that it is an offence for any person to excavate, destroy, damage, conceal or in any way alter any Aboriginal site unless acting with the authorisation of the Registrar of Aboriginal Sites under section 16 or the consent of the Minister for Indigenous Affairs under section 18 of the Aboriginal Heritage Act.

The Heritage Protection Act may also apply to and protect significant Aboriginal areas and objects on the WA Tenements and WA Tenement Applications, as discussed in section 5.5 of this Report.

We have been advised that Murchison Resources Pty Ltd negotiated with the Yued People and the South West Aboriginal Land and Sea Council prior to the grant of EL70/2722. Murchison Resources has provided the Yued People with an agreement which establishes a protocol for the identification of Aboriginal Sites on the tenement. We have not been provided with evidence that this Agreement has been signed as at the date of this Report.

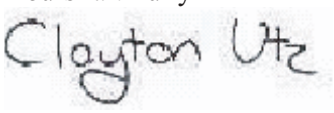
It is the policy of the State Government of Western Australia that applicants for exploration licences and prospecting licences will have to sign a "Standard Heritage Agreement" or prove they have an existing "Alternative Heritage Agreement" before the applications will be submitted to the Native Title Act expedited procedure. In the absence of such an agreement the applications will be processed under the Native Title Act right to negotiate regime. Such agreements establish protocols and procedures for the identification and protection of any Aboriginal sites.

5.8 Consent

Clayton Utz has given, and has not, before the lodgement of the Prospectus, withdrawn its consent to the issue of this Prospectus with this Report (including the Schedule of Tenements at the end of this Report).

Clayton Utz was involved in the preparation of only this Report (including the Schedule of Tenements at the end of this Report) and, notwithstanding that it may be referred to elsewhere in the Prospectus, it shall not be taken to have been involved in the preparation of, or to have authorised or caused the issue of, any other part of the Prospectus.

Yours faithfully



Clayton Utz

Schedule of Tenements

Tenement Number	Holder/ Applicant (Interest)	Date of Application	Date of Grant	Expiry	Expenditure ($)	Rental ($/pa)	Registered Encumbrance	Private/ pastoral land (non-ALT)	Aboriginal Freehold Land (NT) held by Aboriginal Land Trust ("ALT")	Native Title Claims	Reference to Report Paragraph	Conditions (see notes)
NT Tenement Applications												
ELA23932	Norman McCleary (100%)	17/6/2003	Not yet granted "**NYG**"	N/A	N/A	N/A	Sale Agreement lodged 30/5/05, approved 10/6/05, not yet registered Transfer to Washington lodged 25/7/05 (not yet registered)	No	Mount Frederick No.2 ALT, Mount Frederick ALT, Central Desert ALT and Purta ALT	Nil	3.2, 4.2, 4.3, 5.2, 5.4, 5.5	Notes A1 and A2
ELA23933	Norman McCleary (100%)	17/6/2003	NYG	N/A	N/A	N/A	Sale Agreement lodged 30/5/05, approved 10/6/05, not yet registered Transfer to Washington lodged 25/7/05 (not yet registered)	No	Central Desert ALT	Nil	3.2, 4.2, 4.3, 5.2, 5.4, 5.5	Note A1 and A3
ELA24174	Norman McCleary (100%)	23/2/2004	NYG	N/A	N/A	N/A	Sale Agreement lodged 30/5/05, approved 10/6/05, not yet registered Transfer to Washington lodged 25/7/05 (not yet registered)	No	Mount Frederick ALT, Purta ALT and Yingualyalya ALT	Nil	3.2, 4.2, 4.3, 5.2, 5.4, 5.5	Note A1

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Tenement Number	Holder/ Applicant (Interest)	Date of Application	Date of Grant	Expiry	Expenditure ($)	Rental ($/pa)	Registered Encumbrance	Private/ pastoral land (non-ALT)	Aboriginal Freehold Land (NT) held by Aboriginal Land Trust ("ALT")	Native Title Claims	Reference to Report Paragraph	Conditions (see notes)
ELA24177	Norman McCleary (100%)	24/2/2004	NYG	N/A	N/A	N/A	Sale Agreement lodged 30/5/05, approved 10/6/05, not yet registered Transfer to Washington lodged 25/7/05 (not yet registered)	No	Mount Frederick No.2 ALT	Nil	3.2, 4.2, 4.3, 5.2, 5.4, 5.5	Note A1
ELA24179	Norman McCleary (100%)	24/2/2004	NYG	N/A	N/A	N/A	Sale Agreement lodged 30/5/05, approved 10/6/05, not yet registered Transfer to Washington lodged 25/7/05 (not yet registered)	No	Central Desert ALT	Nil	3.2, 4.2, 4.3, 5.2, 5.4, 5.5	Note A1
ELA24193	Norman McCleary (100%)	4/3/2004	NYG	N/A	N/A	N/A	Sale Agreement lodged 30/5/05, approved 10/6/05, not yet registered Transfer to Washington lodged 25/7/05 (not yet registered)	No	Purta ALT and Yingualyalya ALT	Nil	3.2, 4.2, 4.3, 5.2, 5.4, 5.5	Note A1

Tenement Number	Holder/ Applicant (Interest)	Date of Application	Date of Grant	Expiry	Expenditure ($)	Rental ($/pa)	Registered Encumbrance	Private/ pastoral land (non-ALT)	Aboriginal Freehold Land (NT) held by Aboriginal Land Trust ("ALT")	Native Title Claims	Reference to Report Paragraph	Conditions (see notes)
NT Tenements												
EL23934	Norman McCleary (100%)	17/6/2003	13/2/2004	12/2/2010	$46,000	$1,111	Sale Agreement registered 15/6/05 Transfer to Washington lodged 25/7/05 (not yet registered)	Yes	No	ILUA - DIA2000/001	3.2, 4.1, 4.3, 5.1, 5.3, 5.5	Note B1 and B2
EL23937	Norman McCleary (100%)	19/6/2003	13/2/2004	12/2/2010	$137,500	$5,500	Sale Agreement registered 15/6/05 Transfer to Washington lodged 25/7/05 (not yet registered)	Yes	No	**Registered**: Kurundi Federal Court No. D6017/01 (NNTT No. DC01/17) ILUA - DI2003/007	3.2, 4.1, 4.3, 5.1, 5.3, 5.5	Note B1 and B2
EL24166	Norman McCleary (100%)	12/2/2004	10/2/2005	9/2/2011	$23,000	$990	Sale Agreement registered 15/6/05 Transfer to Washington lodged 25/7/05 (not yet registered)	Yes	No	ILUA - DIA2000/001	3.2, 4.1, 4.3, 5.1, 5.3, 5.5	Note B1 and B2
EL24178	Norman McCleary (100%)	24/2/2004	10/2/2005	9/2/2011	$20,000	$693	Sale Agreement registered 15/6/05 Transfer to Washington lodged 25/7/05 (not yet registered)	Yes	No	ILUA - DIA2000/001	3.2, 4.1, 4.3, 5.1, 5.3, 5.5	Note B1 and B2

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Washington Resources Limited

Tenement Number	Holder/ Applicant (Interest)	Date of Application	Date of Grant	Expiry	Expenditure ($)	Rental ($/pa)	Registered Encumbrance	Private/ pastoral land (non-ALT)	Aboriginal Freehold Land (NT) held by Aboriginal Land Trust ("ALT")	Native Title Claims	Reference to Report Paragraph	Conditions (see notes)
EL24204	Norman McCleary (100%)	15/3/2004	19/10/2004	18/10/2010	$25,000	$5,467	Sale Agreement registered 15/6/05 Transfer to Washington lodged 25/7/05 (not yet registered)	Yes	No	ILUA - DI2002/005	3.2, 4.1, 4.3, 5.1, 5.3, 5.5	Notes B1, B2 and B3
WA Tenement Applications												
ELA70/2718	Washington Resources Ltd (100/100 shares)	17/9/2004	NYG	N/A	N/A	N/A	Nil	Yes	N/A	**Not registered**: Ballaruks Federal Court No. WG149/98 (NNTT No. WC95/86) **Not registered**: Noongar Federal Court No W6006/03 (NNTT No WC03/6)	4.5, 4.6, 5.1, 5.6, 5.7	Notes C1, C2 and C3
ELA70/2719	Washington Resources Ltd (100/100 shares)	17/9/2004	NYG	N/A	N/A	N/A	Nil	Yes	N/A	**Not registered**: Noongar Federal Court No W6006/03 (NNTT No WC03/6)	4.5, 4.6, 5.1, 5.6, 5.7	Note C1, C4 and C5
ELA70/2720	Washington Resources Ltd (100/100 shares)	17/9/2004	NYG	N/A	N/A	N/A	Nil	Yes	N/A	**Not registered**: Ballaruks Federal Court No. WG149/98 (NNTT No. WC95/86) **Not registered**: Noongar Federal Court No W6006/03 (NNTT No WC03/6)	4.5, 4.6, 5.1, 5.6, 5.7	Note C1, C6 and C7

Tenement Number	Holder/ Applicant (Interest)	Date of Application	Date of Grant	Expiry	Expenditure ($)	Rental ($/pa)	Registered Encumbrance	Private/ pastoral land (non-ALT)	Aboriginal Freehold Land (NT) held by Aboriginal Land Trust ("ALT")	Native Title Claims	Reference to Report Paragraph	Conditions (see notes)
WA Tenements												
EL70/2301	Murchison Resources Pty Ltd (100/100 shares)	4/4/2000	7/12/2001	6/12/2006	$20,000	$1,521.30	Penalty of $1,129 paid on 10/9/2004 Exemption from drop-off granted 9/11/2004 Agreement 219547 (PD Agreement) lodged 18/7/05 (registration pending)	Yes	N/A	**Registered**: Yued Federal Court No: WAG6192/98 (NNTT No. WC97/071) **Not registered**: Noongar Federal Court No W6006/03 (NNTT No WC03/6)	3.3, 3.4, 4.4, 4.6, 4.7, 5.1, 5.6, 5.7	Notes D1, D2, D3 and D4
EL70/2579	Murchison Resources Pty Ltd (100/100 shares)	11/4/2003	5/3/2004	4/3/2009	$26,100	$2,941.18	Agreement 219547 (PD Agreement) lodged 18/7/05 (registration pending)	Yes	N/A	**Registered**: Yued Federal Court No: WAG6192/98 (NNTT No. WC97/071) **Not registered**: Noongar Federal Court No W6006/03 (NNTT No WC03/6)	3.3, 3.5, 3.6, 4.4, 4.6, 4.7, 5.1, 5.6, 5.7	Notes D1, D5, D6, D7, D8, D9, D10 D11, D12, D13, D14, D15 and D16
EL70/2722	Murchison Resources Pty Ltd (100/100 shares)	14/10/2004	14/4/2005	13/4/2010	$20,000	$1,622.72	Agreement 219547 (PD Agreement) lodged 18/7/05 (registration pending)	Yes	N/A	**Registered**: Yued Federal Court No: WAG6192/98 (NNTT No. WC97/071) **Not registered**: Noongar Federal Court No W6006/03 (NNTT No WC03/6)	3.3, 4.4, 4.6, 4.7, 5.1, 5.6, 5.7	Notes D1, D17, D18, D19, D20, and D21

NOTES TO TENEMENT SCHEDULE

NOTES PART A. Northern Territory - NT Tenement Applications

A1. Conditions will be imposed on the NT Tenement Applications by the DPI and NT Minister under the NT Mining Act and the NT Mining Regulations upon grant.

A2. ALRA proposal expired 22/4/05. Extension by mutual consent granted until 22/4/2006.

A3. ALRA proposal expired on 22/4/05. Extension by mutual consent granted until 22/4/2006.

NOTES PART B. Northern Territory - NT Tenements

B1. All Northern Territory tenements are subject to the standard endorsements and conditions imposed by the DPI under the NT Mining Act and NT Mining Regulations and other conditions imposed by the NT Minister.

B2. All land vested in the Commonwealth and all radio telecommunication repeater sites are excluded from the grant.

B3. Reservation from Occupation 24350 and NT Portions 611, 808, 809, 1214, 1816, 1941, 1181, 1804, 1954, 1919, 2185 and 4408 and Crown Lease Perpetual 52 have been excluded from the application area.

NOTES PART C Western Australia - WA Tenement Applications

C1. Conditions will be imposed on the WA Tenement Applications by the DIR under the WA Mining Act and the WA Mining Regulations upon grant.

C2. Private land referred to in section 29(2) of the WA Mining Act, except that below 30m from the natural surface of the land, and Conservation of Flora and Fauna Reserve 21981 are not included in the grant.

C3. This area is subject to reserves, including National estate (NER/10019), file notation area (FNA/3593), Avon River management area (WMA/1), gravel and sewage treatment plant reserve (CR26024), parklands & water supply reserve (CR 2643), gravel reserve (CR 24166), quarry sand reserve (CR24167), recreation golf links reserve (CR24168) and road reserves

C4. Private land referred to in section 29(2) of the WA Mining Act, except that below 30m from the natural surface of the land, is not included in the grant.

C5. This area is subject to reserves, including: file notation areas (2902 and 3673), the Northam to Cunderdin railway (RCL/58), Northam to Goomalling railway (RCL/61), Avon River management area (WMA/1), unnumbered land act reserve (UNN/612), historic site - school reserve (CR2922), historic watering place reserve (CR18487), public purposes reserve (CR585), public recreation reserve (CR35531), water supply reserve (CR36644), landscape protection and historic building reserve (CR795), parklands reserve (CR15384) and road reserves.

C6. Private land referred to in section 29(2) of the WA Mining Act, except that below 30m from the natural surface of the land, is not included in the grant.

C7. This area is subject to reserves, including: National estates (NER/9972, NER/9970, NER/9971, NER/9986), file notation area (FNA/5820), Avon Yard to Toodyay railway (RCL/41), Avon River management area (WMA/1), unnumbered land act reserve (UNN609), historic watering place reserves (CR 18484 and CR18479), trigonometrical station reserve (CR18486), water reserve (CR1786), public recreation reserves (CR41559, 39381, 34902, 33801) and road reserves

NOTES PART D. Western Australia - WA Tenements

D1. All Western Australian tenements are subject to the standard endorsements and conditions imposed by the DIR under the WA Mining Act and the WA Mining Regulations.

D2. The grant of EL70/2301 does include private land referred to in section 29(2) of the WA Mining Act except that below 30 metres from the natural surface of the land except in respect of Melbourne Locations 3817 and 3819.

D3. Crown Reserve 134 - Watering Place and Crown Reserve 26841 - Conservation of Flora and Fauna Reserve 26841 are not included in the grant of EL70/2301.

D4. This area is subject to reserves, including road reserves.

D5. No interference with Geodetic Survey Station Moora 199, 169, 169T, 170, 170T, 201, 202, 19, 203 and 204 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.

D6. No interference with the use of the Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.

D7. The prior written consent of the Minister for State Development being obtained before commencing mining on Historic Site - School Reserve 10039 and Bindi Bindi Townsite.

D8. No mining within 30 metres of either side of the Rail Corridor Land (RCL No 95) as shown in Tengraph.

D9. No surface excavation approaching closer to the boundary of the Safety Zone established by Note D8 than a distance equal to three times the depth of the excavation without the prior written approval of the State Mining Engineer.

D10. Mining below the surface of the Safety Zone established in Note D8 being approved by the State Mining Engineer in consultation with the operator of the railway on corridor land

D11. No interference with the drainage pattern, and no parking, storage or movement of equipment or vehicles used in the course of mining within the Safety Zone established by Note D8 without the prior approval of the operator of the railway on corridor land.

D12. The licensee not excavating, drilling, installing, erecting, depositing or permitting to be excavated, drilled, installed, erected or deposited within the Safety Zone established in Note D8, any pit, well, pavement, foundation, building, or other structure or installation, or material of any nature whatsoever without the prior written consent of the State Mining Engineer.

D13. No explosives being used or stored within one hundred and fifty (150) metres of the rail corridor land without the prior written consent of the State Mining Engineer.

D14. The rights of ingress to and egress from the rail corridor land being at all times preserved to the employees, contractors and agents of the operator of the railway on corridor land, and the Pubic Transport Authority of WA.

D15. Private land referred to in section 29(2) of the WA Mining Act, except that below 30m from the natural surface of the land, and any area of land covered by E70/2563, are not included in the grant.

D16. This area is subject to reserves, including: Milling to Yerecoin railway (RCL/95), Avon River management area (WMA/1), unencumbered land act reserve (UNN548), historic site - school reserve (CR10039) and road reserves.

D17. No interference with Geodetic Survey Station Moora 19 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.

D18. No excavation, excepting shafts, approaching closer to the Great Northern Highway, Highway verge or the road reserve than a distance equal to twice the depth of the excavation and mining on the Great Northern Highway or Highway verge being confined to below a depth of 30 metres from the natural surface.

D19. Consent to mine on Avon River Management Area 1 given subject to the following additional conditions:

(A) Written notification, where practicable, of the time frame, type and extent of proposed ground disturbing activities being forwarded to the Water and Rivers Commission Geraldton seven days prior to commencement of those activities.

(B) Any significant waterway (flowing or not), wetland or its fringing vegetation that may exist on site not being disturbed or removed without prior written approval from Water and Rivers Commission.

(C) The rights of ingress to and egress from the Licence being at all reasonable times preserved to officers of Water and Rivers Commission for inspection and investigation purposes.

(D) The storage and disposal of hydrocarbons, chemicals and potentially hazardous substances being in accordance with the Water and Rivers Commission's Guidelines and Water Quality Protection Notes.

(E) All proposed exploration activities within Public Drinking Water Source Areas complying with Water and Rivers Commission's Water Quality Protection Note Land Use Compatibility in Public Drinking Water Source Areas.

(F) All Mining Act tenement activities within Public Drinking Water Source Areas being prohibited unless the prior written approval has been obtained from Water and Rivers Commission.

(G) All Mining Act tenement activities are prohibited within 2 kilometres of the maximum storage level of a reservoir including the reservoir itself, unless the prior written approval of the Water and Rivers Commission is first obtained.

(H) Storage and use of hydrocarbons and potentially hazardous substances requiring the prior written approval or appropriate permits from Water and Rivers Commission.

(I) All hydrocarbon or other pollutant spillage being reported to Water and Rivers Commission. Remediation being carried out to the satisfaction of Water and Rivers Commission.

(J) All Mining Act tenement activities are prohibited within a 300 metre radius of any observation well in a Public Drinking Water Source Priority P1, P2 &P3 Areas unless the written approval of the Water and Rivers Commission is first obtained.

(K) All Mining Act tenement activities are prohibited within a 500 metre radius in a P1 area or a 300 metre radius in a P2 or P3 area of any Public Drinking Water Source production well or dam, unless the written approval of the Water and Rivers Commission is first obtained.

(L) All Mining Act tenement activities that will result in mud, earth, gravel, litter or other matter entering any waters are prohibited.

(M) All Mining Act tenement activities that result in the placement of visually offensive materials on land near waterways is prohibited without permission of the relevant Waterways Management Authority.

(N) Excavation of any land in any part of the bed of any waters below high water mark, whether or not that part is then covered by water is prohibited without approval from Water and Rivers Commission.

(O) Construction of drainage or use of drainage that discharges directly into waters is prohibited without appropriate licensing from the Water and Rivers Commission.

(P) Launching of any boats or other craft directly from a trailer into any waters is prohibited except from privately owned land abutting on the waters; or at a launching place for that purpose approved by the Water and Rivers Commission.

(Q) Discharge or permitting the discharge of oil from any boat or craft into any waters, whether by pumping out of a bilge, or by any other means is prohibited.

D20. Private land referred to in section 29(2) of the WA Mining Act, except that below 30m from the natural surface of the land, is not included in the grant.

D21. This area is subject to reserves, including Avon River management area (WMA/1) and road reserves.

9. FINANCIAL INFORMATION

HISTORICAL STATEMENT OF FINANCIAL PERFORMANCE

	Reviewed Historical Period From 1 July 2004 to 31 March 2005 $
Expenses from ordinary activities	(65,666)
Loss from ordinary activities before income tax expense	(65,666)
Income tax expense relating to ordinary activities	–
Loss from ordinary activities after income tax expense	(65,666)
Accumulated losses at the beginning of the financial period	(460,560)
Accumulated losses at the end of the financial period	(526,226)

The statement of financial performance should be read in conjunction with the accompanying notes.

HISTORICAL AND PROFORMA STATEMENTS OF FINANCIAL POSITION

	Note	Reviewed Historical at 31 March 2005 $	Reviewed Proforma 31 March 2005 Assumed Capital Raising $2,502,000 $	Reviewed Proforma 31 March 2005 Assumed Capital Raising $3,004,000 $
CURRENT ASSETS				
Cash	3	136,730	2,124,220	2,626,220
Prepayments		37,374	–	–
Other receivables		15,246	15,246	15,246
TOTAL CURRENT ASSETS		189,350	2,139,466	2,641,466
NON-CURRENT ASSETS				
Exploration and evaluation expenditure	4	199,502	759,502	759,502
TOTAL NON-CURRENT ASSETS		199,502	759,502	759,502
TOTAL ASSETS		388,852	2,898,968	3,400,968
CURRENT LIABILITIES				
Payables	5	150,078	60,204	60,204
TOTAL LIABILITIES		150,078	60,204	60,204
NET ASSETS		**238,774**	**2,838,764**	**3,340,764**
EQUITY				
Contributed equity	6	765,000	4,164,240	4,934,240
Accumulated losses		(526,226)	(1,325,476)	(1,593,476)
TOTAL EQUITY		**238,774**	**2,838,764**	**3,340,764**

The statement of financial position should be read in conjunction with the accompanying notes.

HISTORICAL STATEMENT OF CASH FLOWS

	Note	Reviewed Historical Period From 1 July 2004 to 31 March 2005 $
Cash Flows From Operating Activities		
Payments to suppliers		(36,619)
Net cash flows used in operating activities		(36,619)
Cash Flows From Investing Activities		
Payments for exploration and evaluation expenditure		(182,067)
Net cash flows used in investing activities		(182,067)
Cash Flows From Financing Activities		
Proceeds from Share subscription	10	52,500
Proceeds from issue of Convertible Note		250,000
Net cash flows from financing activities		302,500
Net increase in cash held		83,814
Add opening cash brought forward		52,916
Cash at the end of the period		136,730

The statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL INFORMATION

1. Statement of Accounting Policies

The significant accounting policies adopted by Washington are stated below.

This financial information does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The financial information should be read in conjunction with this Prospectus.

Basis of accounting

The financial information has been prepared in accordance with the measurement and recognition, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, using the accrual basis of accounting, including the historical cost convention and the going concern assumption.

Changes in accounting policies

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2004.

Cash and cash equivalents

Cash includes cash on hand and in banks, and money market investments readily convertible to cash within two (2) working days, net of outstanding bank overdrafts.

1. Statement of Accounting Policies (cont.)

Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward where rights to tenure of the area of interest are current and;

(i) it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale, and/or

(ii) exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

At the end of each reporting period, the Directors assess the carrying value of the exploration expenditure carried forward in respect of each area of interest and, where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written down or provided against.

Payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity.

Interest-bearing liabilities

All loans are measured at the principal amount. Interest, if applicable, is charged as an expense as it accrues.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Interest
Control of the right to receive the interest payment.

Tax

Income taxes
Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. Any net future income tax benefit relating to tax losses and timing differences is only recognised where it is virtually certain of being realised.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST except:

(i) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and

(ii) receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Contributed equity

Contributed equity is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of Shares are recognised directly in equity as a reduction of the Share proceeds received.

Convertible notes that exhibit the characteristics of equity are recognised as equity in the Statement of Financial Position.

2. Assumptions Used in Preparing the Proforma Statements of Financial Position

Washington's proforma statements of financial position have been prepared as if the following transactions had taken place as at 31 March 2005.

- Shares issued subsequent to 31 March 2005:
  - the issue of 1,250,000 Shares at fair value of 13.5 cents per Share on 5 April 2005 to a promoter of the Company (see note 10) – 1 cent per Share was received in cash;
  - the issue of 3,000,000 Shares at fair value of 13.5 cents per Share on 5 April 2005 to promoters of the Company (see note 10) – 1 cent per Share was received in cash;
  - the issue of 1,500,000 Shares at fair value of 13.5 cents per Share on 5 April 2005 for the acquisition of mining tenements (see note 10) – 0.667 cents per Share was received in cash;
- the issue of 15,000,000 (Maximum Subscription) or 12,500,000 (Minimum Subscription) Shares at 20 cents per Share pursuant to this Prospectus to raise $3,000,000 (Maximum Subscription) or $2,500,000 (Minimum Subscription);
- the issue of 4,000,000 (Maximum Subscription) or 2,000,000 (Minimum Subscription) Shares at fair value of 13.5 cents per Share to a promoter of the Company – 0.1 cent per Share will be received in cash to raise $4,000 (Maximum Subscription) or $2,000 (Minimum Subscription).
- the issue of 500,000 Shares at fair value of 13.5 cents per Share for the acquisition of mining tenements;
- the payment of $300,000 for the acquisition of mining tenements, and
- the payment and recognition directly in equity of costs incurred by the Company in relation to the capital raising, estimated to be $214,510.

3. Cash

	Reviewed Historical at 31 March 2005	**Reviewed Proforma 31 March 2005 Assumed Capital Raising**	
		$2,502,000	**$3,004,000**
	$	$	$
Cash at bank	136,730	2,124,220	2,626,220
Reconciliation of adjustments to cash			
Balance as at 31 March 2005	136,730	136,730	136,730
Issue of 15,000,000 Shares at 20 cents per Share pursuant to the capital raising	–	–	3,000,000
Issue of 12,500,000 Shares at 20 cents per Share pursuant to the capital raising	–	2,500,000	–
Issue of 4,000,000 Shares at 0.1 cent per Share to a promoter of the Company	–	–	4,000
Issue of 2,000,000 Shares at 0.1 cent per Share to a promoter of the Company	–	2,000	–
Payment of $300,000 for the acquisition of mining tenements	–	(300,000)	(300,000)
Cost of the capital raising to be paid	–	(214,510)	(214,510)
Proforma balance as at 31 March 2005	136,730	2,124,220	2,626,220

4. Deferred Exploration and Evaluation Expenditure

	Reviewed Historical at 31 March 2005	Reviewed Proforma 31 March 2005 Assumed Capital Raising	
		$2,502,000	$3,004,000
	$	$	$
Deferred exploration and evaluation expenditure	199,502	759,502	759,502
Reconciliation of adjustments to exploration and evaluation expenditure			
Balance as at 31 March 2005	199,502	199,502	199,502
Acquisition costs post 31 March 2005	–	300,000	300,000
Issue of equity instruments as consideration for tenements	–	260,000	260,000
Proforma balance at 31 March 2005	199,502	759,502	759,502

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

To the extent that title in tenements has not legally transferred, the vendors will hold the tenements in trust for Washington.

5. Payables

Trade creditors and accruals	150,078	60,204	60,204
Reconciliation of adjustments to payables			
Balance as at 31 March 2005	150,078	150,078	150,078
Issue of Shares previously subscribed (see note 10)	–	(52,500)	(52,500)
Payment of costs associated with capital raising	–	(37,374)	(37,374)
Proforma balance at 31 March 2005	150,078	60,204	60,204

6. Contributed Equity

	Reviewed Historical at 31 March 2005	Reviewed Proforma 31 March 2005 Assumed Capital Raising	
		$2,502,000	$3,004,000
	Number	Number	Number
Issued and fully paid ordinary Shares	10,850,006	31,600,006	36,100,006
	$	$	$
Issued and fully paid ordinary Shares	515,000	3,914,240	4,684,240
Convertible Note – equity component (a)	250,000	250,000	250,000
	765,000	4,164,240	4,934,240

	Number of Shares	$
Reconciliation of adjustments to Share capital assuming $2,502,000 capital raising		
Balance at 1 July 2004	10,850,006	515,000
Issue of Convertible Note	–	250,000
Balance at 31 March 2005	10,850,006	765,000
Shares issued subsequent to 31 March 2005:		
the issue of 4,250,000 Shares at fair value of 13.5 cents per Share on 5 April 2005 to promoters of the Company (see note 10) – 1 cent per Share was received in cash	4,250,000	573,750
the issue of 1,500,000 Shares at fair value of 13.5 cents per Share on 5 April 2005 for the acquisition of mining tenements (see note 10) – 0.667 cents per Share was received in cash	1,500,000	202,500
Issue of Shares at 20 cents per Share pursuant to the Prospectus	12,500,000	2,500,000
Issue of 2,000,000 Shares at fair value of 13.5 cents per Share to a promoter of the Company – 0.1 cent per Share will be received in cash to raise $2,000	2,000,000	270,000
Issue of 500,000 Shares at fair value of 13.5 cents per Share for the acquisition of mining tenements	500,000	67,500
Cost associated with the capital raising	–	(214,510)
Proforma balance at 31 March 2005	31,600,006	4,164,240

6. Contributed Equity (cont.)

	Number of Shares	$
Reconciliation of adjustments to Share capital assuming $3,004,000 capital raising		
Balance at 1 July 2004	10,850,006	515,000
Issue of Convertible Note (conversion price and fair value is 10 cents per Share)	–	250,000
Balance at 31 March 2005	10,850,006	765,000
Shares issued subsequent to 31 March 2005:		
the issue of 4,250,000 Shares at fair value of 13.5 cents per Share on 5 April 2005 to promoters of the Company (see note 10) – 1 cent per Share was received in cash	4,250,000	573,750
the issue of 1,500,000 Shares at fair value of 13.5 cents per Share on 5 April 2005 for the acquisition of mining tenements (see note 10) – 0.667 cents per Share was received in cash	1,500,000	202,500
Issue of Shares at 20 cents per Share pursuant to the Prospectus	15,000,000	3,000,000
Issue of 4,000,000 Shares at fair value of 13.5 cents per Share to a promoter of the Company – 0.1 cent per Share will be received in cash to raise $4,000	4,000,000	540,000
Issue of 500,000 Shares at fair value of 13.5 cents per Share for the acquisition of mining tenements	500,000	67,500
Cost associated with the capital raising		(214,510)
Proforma balance at 31 March 2005	36,100,006	4,934,240

Acquisition accounting

The acquisition price for mine tenements and services provided by third parties directly relating to the mine tenement acquisitions was settled by the issue of 2,000,000 Washington Shares under both the Minimum and Maximum Subscriptions.

The value of the consideration paid for the purposes of fair value accounting pursuant to Urgent Issues Group Abstract 41, 'Fair Value of Equity Instruments issued as Purchase Consideration', is $270,000 under both the Minimum and Maximum Subscriptions.

a) Terms and conditions of the Convertible Note

On the 11 November 2004 Washington issued a Convertible Note. The Note has a face value of $250,000 and is convertible into 2,500,000 ordinary Shares at 10 cents per Share. Conversion is at the discretion of the holder by way of notice at any point in time between 1 July 2005 and 30 June 2006. No interest is payable if the Note is converted into ordinary Shares. Alternatively, Washington may choose to repay the Note in cash by way of notice at any point in time up to 30 June 2006. If the Note is repaid in cash, interest is payable on the face value of the Note at LIBOR plus 2% per annum and is calculated from the date of issue to the date of repayment. If the conversion right has not been exercised by the holder and the Note has not been repaid by Washington by 30 June 2006, the Note automatically converts to ordinary Shares.

7. Options

At 31 March 2005, there were 5,425,000 (30 June 2004: 5,425,000) 30 June 2006 Options exercisable at 20 cents per Share.

8. Expenditure and Other Commitments

The Company has certain obligations with respect to tenements and minimum expenditure requirements on areas, as follows.

	$
Within 1 year	184,100
1-2 years	184,100
Total	368,200

The commitments may vary depending upon additions or relinquishments of tenements, as well as farm-out agreements.

9. Impact of Adopting AIFRS in Relation to the Statement of Financial Position

The Company will begin reporting under AIFRS from the financial year beginning 1 July 2005. In transitioning to AIFRS, the Company will restate its statement of financial position for the year ending 30 June 2005 as if it was prepared under AIFRS and those balances will become the opening position from which the financial statements to 30 June 2006 will be prepared.

Set out below are key areas in which accounting policies will change and may have an impact on the financial report of the Company. Final interpretation of the new AIFRS standards by the standard setters and professional bodies continues.

- Income taxes: under AASB 12, 'Income Taxes', the Company will be required to use a balance sheet liability method, which focuses on the tax effects of transactions and other events that affect amounts recognised in either the statement of financial position or a tax-based balance sheet.
- Exploration and evaluation expenditure: AASB 6, 'Exploration for and Evaluation of Mineral Resources', will require the Company to apply 'area of interest' accounting to its exploration and evaluation expenditures, effectively grandfathering the treatment currently used by the Company under AASB 1022, 'Accounting for the Extractive Industries'. Under AASB 6, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets in accordance with AASB 136, 'Impairment of Assets'. Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level, provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136.
- Financial instruments: under AIFRS, all financial instruments have to be initially recognised at fair value. Subsequently, certain financial instruments, including derivatives, must be re-measured at fair value. Movements in the fair value of derivatives will be taken to profit or loss.

10. Subsequent Events

On 5 April 2005, Washington issued 1,250,000 Shares at fair value of 13.5 cents per Share – 1 cent per Share was received on 30 March 2005. These Shares were issued to a promoter of the Company. On the same date, Washington issued a further 1,500,000 Shares at fair value of 13.5 cents per Share – 0.667 cents per Share was received on 30 March 2005. This Share issue related to the acquisition of mining tenements.

Again on 5 April 2005, Washington issued 3,000,000 Shares at fair value of 13.5 cents per Share – 1 cent per Share was received in cash on 22 March 2005. These Shares were issued to promoters of the Company.

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18 August 2005

The Directors
Washington Resources Limited
Level 1
22 Oxford Close
LEEDERVILLE WA 6007

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT

1. INTRODUCTION

The directors of Washington Resources Limited ("Washington" or "the Company") have requested Ernst & Young to report on the historical financial information and pro-forma statement of financial position as at 31 March 2005. This report has been prepared for inclusion in a prospectus ("the Prospectus") to be dated on or about 19 August 2005 relating to the offer by Washington of 15,000,000 fully paid ordinary shares ("shares") at 20 cents per share to raise an amount of $3,000,000 ("the Capital Raising").

The Company will apply to the Australian Stock Exchange Limited ("ASX") for official quotation of the Shares offered under the Capital Raising, within seven days after the date of the Prospectus.

2. BACKGROUND INFORMATION

The Company was incorporated on 18 July 2001. The company has acquired or applied to acquire various mineral interests as follows:

On 17 January 2005 the Company entered into a sale and purchase agreement with Murchison Resources Pty Ltd to acquire an 80% interest in the Yarawindah Brook and Bindi Bindi prospects located in Western Australia.

On 24 March 2005 the Company executed a tenement sale agreement with Norman McCleary to acquire the Kurundi, Kulgera and Tanami/ Granites prospects located in the Northern Territory.

The Company has also made exploration licence applications over the Newleyine and Ashworth Tenements in Western Australia. These license applications are presently with the Department of Industry and Resource Development.

The proceeds of the Capital Raising will be used to complete the mine tenements acquisitions, fund exploration, evaluate opportunities presented through the Dwyka strategic alliance, as working capital and to meet the expenses of the issue.

3. SCOPE

Historical and Pro-forma Financial Information
We have conducted an independent review of the historical statement of financial position as at 31 March 2005, the statement of financial performance and statement of cash flows for the 9 month period ending 31 March 2005 ("the historical financial information") and of the pro-forma statement of financial position as at 31 March 2005, as set out in Section 9 of the Prospectus.

The Directors of Washington have prepared and are responsible for the historical financial information and the pro-forma statement of financial position.

The purpose of the pro-forma statement of financial position is to show the financial effects on Washington as if the following transactions had taken place as at 31 March 2005:

- Shares issued subsequent to 31 March 2005:
  - the issue of 1,250,000 shares at fair value of 13.5 cents per share on 5 April 2005 to a promoter of the Company. 1 cent per share was received in cash;
  - the issue of 3,000,000 shares at fair value of 13.5 cents per share on 5 April 2005 to promoters of the Company. 1 cent per share was received in cash;
  - the issue of 1,500,000 shares at fair value of 13.5 cents per share on 5 April 2005 for the acquisition of mining tenements. 0.667 cents per share was received in cash;

- the issue of 15,000,000 (Maximum Subscription) or 12,500,000 (Minimum Subscription) shares at 20 cents per share pursuant to this Prospectus to raise $3,000,000 (Maximum Subscription) or $2,500,000 (Minimum Subscription);

- the issue of 4,000,000 (Maximum Subscription) or 2,000,000 (Minimum Subscription) shares at fair value of 13.5 cents per share to a promoter of the Company. 0.1 cent per share will be received in cash to raise $4,000 (Maximum Subscription) or $2,000 (Minimum Subscription).

- the issue of 500,000 shares at fair value of 13.5 cents per share for the acquisition of mining tenements;

- the payment of $300,000 for the acquisition of mining tenements; and

- the payment and recognition directly in equity of costs incurred by the Company in relation to the Capital Raising estimated to be $214,510.

We have reviewed the historical financial information and pro-forma statement of financial position as at 31 March 2005, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that:

(i) the historical financial information as at 31 March 2005 is not presented fairly in accordance with the measurement requirements, but not all of the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia; and

(ii) the pro-forma statement of financial position is not presented fairly in accordance with the measurement requirements, but not all of the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, as if the transactions as set out in Note 2 of Section 9 of the Prospectus had taken place as at 31 March 2005.

Our review has been conducted in accordance with Australian Auditing and Assurance Standard AUS 902 "Review of Financial Reports" and was limited to inquiries and discussions with the Directors and personnel of Washington, reading of Directors' minutes and relevant contracts, analytical review procedures applied to the financial data, the performance of limited verification procedures and comparison for consistency in application of accounting standards and policies. Our review also determined whether the pro-forma transactions formed a reasonable basis for the preparation of the pro-forma statement of financial position as set out in Section 9 of the Prospectus.

These review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit of the historical financial information and the pro-forma statement of financial position as at 31 March 2005, as set out in Section 9 of the Prospectus and accordingly, we do not express an audit opinion on the historical financial information and the pro-forma statement of financial position as at 31 March 2005.

4. REVIEW OPINION

Historical Financial Information – 31 March 2005
Based on the scope of our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as set out in Section 9 of the Prospectus, does not present fairly, in accordance with the measurement requirements, but not all of the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of Washington as at 31 March 2005 and its results and cash flows for the period ended on that date.

Pro-forma Statement of Financial Position – 31 March 2005
Based on the scope of our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro-forma statement of financial position, as set out in Section 9 of the Prospectus, does not present fairly, in accordance with the measurement requirements, but not all of the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of Washington as at 31 March 2005, had the transactions as set out in Note 2 of Section 9 taken place as at 31 March 2005.

5. SUBSEQUENT EVENTS

On 5 April 2005, Washington issued 1,250,000 shares at fair value of 13.5 cents per share – 1 cent per share was received on 30 March 2005. These shares were issued to a promoter of the Company. On the same date, Washington issued a further 1,500,000 shares at fair value of 13.5 cents per share – 0.667 cents per share was received on 30 March 2005. This share issue related to the acquisition of mining tenements.

Again on 5 April 2005, Washington issued 3,000,000 shares at fair value of 13.5 cents per share – 1 cent per share was received in cash on 22 March 2005. These shares were issued to promoters of the Company.

To the best of our knowledge and belief, and based on the work we have performed as described in the scope paragraph above, there have been no material transactions or events subsequent to 31 March 2005, other than those disclosed in Note 10 of the financial information, which would require comment on, or adjustment to, the financial information referred to therein or that would cause such information included therein to be misleading.

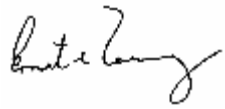
6. DISCLOSURES

Ernst & Young does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in this matter. Ernst & Young has been appointed auditors of Washington and receives fees for audit services. Ernst & Young will also receive a fee for the preparation of this report.

The Directors have agreed to indemnify and hold harmless Ernst & Young and its employees from any claims arising out of misstatement or omission in any material or information supplied by the Directors of Washington.

Consent for the inclusion of the Independent Accountant's Report in the Prospectus in the form and context in which it appears has been given. At the date of this report, this consent has not been withdrawn.

Yours faithfully



Ernst & Young

J P Dowling
Partner

11. INVESTMENT CONSIDERATIONS AND RISK FACTORS

11.1 Investment Considerations

Investors wishing to subscribe for the Shares offered by this Prospectus should read the Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights attaching to the Shares offered by this Prospectus.

This section is not intended to be an exhaustive list of the considerations to be taken into account by an investor, or of the risk factors to which the Company is exposed. Some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, but many are beyond the control of the Company and cannot be mitigated.

There are numerous risks associated with investing in any form of business, and with investing in the share market in particular. All investors should consult their professional advisers if in doubt as to any aspect of this Prospectus or other matters relating to an investment in the Company.

11.2 General Risk Factors

The Shares to be issued pursuant to this Prospectus are speculative because of the nature of the business and assets of the Company. They carry no guarantee with respect to return of capital, payment of dividends or the price at which they will trade on the ASX.

There is also a range of specific risks associated with Washington's business and its involvement in the mining technology, exploration and mining industry, both within Australia and overseas. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed business of Washington.

Washington is an exploration and extraction technology company and an investment in it carries with it risks reasonably expected of an investment in a business of this type.

The Company's future viability and profitability will depend on a number of factors, including but not limited to the following.

11.3 Mining and Exploration Risks

The Company's primary business is exploration for, and commercial development of, mineral ore bodies, which activities carry significant risks. Washington's operations are still in the exploratory phase.

Current and future operations of the Company – such as exploration, appraisal and possible production activities – may be affected by a range of factors, among them the following.

- Start-up risks.
- Geological conditions.
- Limitations on activities due to seasonal weather patterns and cyclone activity.
- Alterations to joint-venture programs and budgets.
- Unanticipated operational and technical difficulties encountered during seismic survey, drilling and production activities.
- Mechanical failure of operating plant and equipment.
- Adverse weather conditions, industrial and environmental accidents, industrial disputes and other *force majeure* events.
- Lack of availability of drilling equipment.
- Unexpected shortages, or increases in the costs, of consumables, spare parts, plant and equipment.
- Lack of access by reason of political unrest, outbreak of hostilities or an inability to obtain consents or approvals.
- Contracting risks from third parties providing essential services.

No assurance can be given that exploration will be successful.

The ultimate success and financial viability of the Company depend on the discovery and delineation of economically recoverable ore reserves, the design and construction of efficient mining and processing facilities and competent operational and managerial performance, as well as its ability to obtain the necessary titles and government and other regulatory approvals.

Potential investors should be aware that the resource targets discussed in this Prospectus are expressions of judgement based on knowledge, experience and industry practice. Targets that were valid at the time they were discussed may be upgraded or downgraded as additional exploration and development activities are undertaken and new information becomes available.

11.4 Changes in Government Policy

Adverse changes in government policies or legislation affecting mining and exploration activities may affect the operations of the Company and the returns to investors.

11.5 Reliance on Key Personnel

In formulating its exploration and mining programs, the Company relies to a significant extent on the experience and expertise of key personnel. Although these personnel possess a considerable amount of experience and have previously been successful in their pursuits, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Prospectus.

11.6 Metal Market Conditions

Resource mining and exploration are highly speculative activities. The Company's ability to benefit from any future mining operations will depend on market factors, some of which may be beyond its control. The world market for precious (gold, silver and PGE) and base metals and strategic minerals, including gold, copper and nickel, is subject to many variables and may fluctuate markedly.

11.7 General Economic Conditions

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption and government policy and legislation can all impact on operating costs, commodity prices, the parameters within which the Company may operate and stock market prices.

Factors that may be beyond the control of the Company include the following.

- General economic conditions in both Australia and its major trading partners and, in particular, inflation rates, interest rates, exchange rates and commodity supply and demand factors.
- Financial failure or default by a participant in any of the joint ventures or other contractual relationships to which the Company is, or may become, a party.
- Insolvency or other managerial failure by any of the contractors used by the Company in its activities.
- Industrial disputes within Australia and overseas.

The Company's future possible revenues and the price of its securities can be affected by these as well as other conditions.

11.8 Environmental Risks

The Company's projects are subject to laws and regulations regarding environmental matters and the discharge of hazardous waste and materials.

Washington may from time to time be required to comply with environmental management issues that arise as a result of factors beyond its control.

11.9 Tenement Title Risks

Exploration tenements are granted subject to various standard conditions, which include but are not limited to prescribed expenditure conditions. Failure to comply with expenditure or other conditions on which the tenements are held exposes the tenements to forfeiture.

All of the tenements in which the Company has an interest will be subject to application for renewal from time to time. The renewal of the term of each tenement is subject to applicable legislation. If a tenement is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to discover and develop any mineral resources on that tenement. However, the Directors are not aware of any reason why renewal of the term of any tenement should not be granted.

Investors should refer to the Solicitors' Report at Section 8 of this Prospectus for details of the tenements in general and legal title in particular.

11.10 Native Title Risks

Investors should refer to the Solicitors' Report at Section 8 of this Prospectus for a report on the impact of native title on mining tenements.

11.11 Share Market Risk

Applicants should be aware that there are risks associated with stock market investment. It is important to recognise that share prices and dividends may fall as well as rise, and that the price of the Shares may trade below or above the Offer price.

Factors affecting the market price could include the announcement of new products or technology, success in winning contracts and variations in general market conditions or market conditions specific to a particular industry. In particular, the share prices for many exploration companies are subject to wide fluctuations that may be unrelated to the operating performance of the relevant company. Such fluctuations may adversely affect the market price of the Shares.

11.12 Future Capital Needs and Additional Funding

In the future, Washington may require additional exploration funds. There is a risk that it may not be able to raise those funds or that the economic climate may be inhospitable for such fund-raising. Until production commences, Washington anticipates that it will incur ongoing operating losses.

If the Company fails to raise insufficient funds under the Issue it will:

- seek other participants in the tenements;
- review the exploration programs it has proposed, and
- seek an exemption of its exploration commitments under the tenements.

11.13 Limited Operational History

While members of the Company's management team possess significant experience and have previously carried out or been exposed to exploration and production activities while employed by other companies, Washington was not incorporated until 2001. Accordingly, the Company has limited historical, financial and operating information. Its ability to achieve its objectives depends on the ability of its Directors and officers to implement current plans and respond to any unforeseen circumstances that require changes to those plans.

11.14 Sovereign Risk

While Australia is regarded as politically stable, it may nevertheless be subject to social and economic uncertainty, or the laws pertaining to tenure of title may change, any of which could slow the activities of the Company or render them uneconomic, or affect its financial performance, the tenure of titles and the value of its assets.

11.15 Important Disclaimer and Recommendation

The above-mentioned risk factors ought not to be taken as exhaustive of the risks faced by the Company or investors in it. All of these factors, and others not specifically referred to above, may in the future materially affect the financial performance of Washington and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that an investment in Washington is speculative and should consult their professional advisers before deciding whether to apply for Shares in the Company.

12. ADDITIONAL INFORMATION

12.1 Rights Attaching to Shares

(a) Introduction

The rights attaching to the Shares arise from a combination of the Company's Constitution, statute and general law. Copies of the Company's Constitution are available for inspection during business hours at its registered office.

This summary is not exhaustive; nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

(b) Voting at general meetings

Subject to any special rights or restrictions for the time being attached to any class or classes of Shares in the Company, at a general meeting every member present in person or by proxy, representative or attorney has a vote on a show of hands and, on a poll, one vote for each fully paid Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the Share.

(c) Meetings of members

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution or the Corporations Act and the Listing Rules.

(d) Dividends

Subject to the rights of the holders of any shares created or raised under any special arrangement as to dividend (such as preference shares), any dividend as declared shall be payable on all shares in proportion to the amount of capital for the time being paid up or credited as paid up in respect of such shares, unless it was a term of the issue of such shares that they would carry full dividend rights and such shares were issued on a pro rata basis to all Shareholders.

(e) Winding Up

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company all monies and property that are to be legally distributed among holders of Shares will be distributed in proportion to the amounts paid up (or which at the commencement of the winding up ought to have been paid up) on those Shares compared with the total paid up capital of the Company.

(f) Transfer of Shares

Shares in the Company may be transferred by a proper transfer effected in accordance with the ASTC Settlement Rules, by any other method of transferring or dealing in Shares introduced by the ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or the ASX that is otherwise permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASTC Settlement Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must give the party lodging the transfer (and any broker lodging the transfer) written notice in accordance with the Listing Rules of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASTC Settlement Rules.

(g) Preference Shares

Under the Constitution, the Company's Directors are empowered without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares to issue shares with preferred, deferred or other rights.

12.2 Terms of Existing Options

A summary of the key terms of the Existing Options is set out below.

(a) The exercise price of each Existing Option is 20 cents ($0.20).

(b) The Existing Options are exercisable on or before 30 June 2006 in whole or in part by multiples of 100.

(c) The Existing Options are transferable.

(d) Each Existing Option may be exercised by notice in writing to the secretary of the Company.

(e) Upon the payment of the exercise price of an Existing Option, the holder of the Existing Option will be issued, within seven (7) Business Days from receipt of such payment, one Share (which will rank equally in all respects with the existing Shares).

(f) The holder of an Existing Option cannot participate in a bonus or entitlement issue without first exercising the Existing Option.

(g) In the event of any reorganisation of the issued capital of the Company, the rights of any Existing Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

12.3 Option Plan and Share Plan

The Directors have established the Washington Option Plan ("Option Plan") and the Washington Share Plan ("Share Plan") ("Plans"). Pursuant to the terms of the Plans, the Board or a duly appointed committee of the Board ("Committee") may, at such time as it determines, issue invitations to officers, employees or consultants of the Company to apply for Shares or Options.

The purpose of the Plans is to provide incentives for officers and employees of, and consultants to, the Company to participate in the future growth of the Company and, upon becoming Shareholders, to participate in the Company's profits and development.

Who will be issued invitations to apply for Options under the Option Plan and Shares under the Share Plan, and the number of Shares or Options the subject of an invitation, is at the discretion of the Committee. Offers of Options and Shares by the Board or the Committee are subject to the limits imposed by the Plans. Neither the Board nor the Committee may offer or issue Options or Shares under the Plans where the effect would be that the number of securities offered or granted, when aggregated with the number of:

(a) Shares issued on the exercise of Options granted within the previous three (3) years under any share option scheme;

(b) Shares remaining issuable in respect of Options granted on the same date or within the previous three (3) years under any share option scheme, and

(c) Shares issued on the same date or within the previous three (3) years under any Share incentive scheme

would exceed 10% of the total number of Shares on issue at the date of the proposed offer, issue or grant.

As at the date of this Prospectus, no Shares have been offered or issued under the Share Plan and no Options have been offered or granted under the Option Plan.

Pursuant to the Listing Rules, any issue of securities under the Plans to a related party of the Company, including a Director, will require prior Shareholder approval.

Option Plan

There will be no offer price for the options granted pursuant to the Option Plan. The exercise price of Options granted pursuant to the Option Plan is at the discretion of the Board or the Committee, provided that the exercise price is not less than the weighted average sale price of Shares sold through the ASX during the one (1) week period up to and including the offer date, or, if there were no transactions in Shares during that one (1) week period, the last price at which an offer was made to purchase Shares on the ASX.

The expiry date of Options granted under the Option Plan is at the discretion of the Committee. Subject to any vesting periods imposed by the Board or the Committee in an invitation, a person holding Options granted pursuant to the Option Plan can exercise the Options at any time prior to the expiry date of the Options, subject to the lapse of Options:

(a) six (6) months after the Retirement or Retrenchment (as those terms are defined under the Option Plan), bankruptcy or insolvency, or death of the Option holder or the person through whom the Option holder is entitled to such Options, and

(b) one (1) month after an Option holder ceases to be a person entitled to hold Options under the Option Plan.

Options granted under the Option Plan are not transferable.

Shares allotted upon the exercise of an Option granted under the Option Plan will be of the same class and will rank equally with the existing issued Shares in the Company.

Share Plan

The issue price for Shares offered under the Share Plan is at the discretion of the Board or the Committee, provided that the issue price is not less than the weighted average sale price of Shares sold through the ASX during the one (1) week period up to and including the offer date, or, if there were no transactions in Shares during that one (1) week period, the last price at which an offer was made to purchase Shares on the ASX.

An officer, employee or consultant ("Participant") who is invited to subscribe for Shares under the Share Plan may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted, on the following terms.

(a) Loans must be made solely to the Participant and in the name of that Participant.

(b) Loans will be interest-free.

(c) Any loan made available to a Participant must be applied by the Company directly toward payment of the issue price of the Shares to be acquired under the Share Plan.

(d) The term of the loan, the time in which repayment of the loan must be made by the Participant and the manner for making such payments must be determined by the Board or the Committee and set out in the invitation.

(e) The amount repayable on the loan by the Participant will be the lesser of:

(i) the issue price of the Shares less any cash dividends paid in respect of the Shares and applied by the Company in accordance with paragraph 12.3(g) below and any amount of the Loan repaid by the Participant, and

(ii) the last sale price of the Shares on the ASX on the date of repayment of the Loan or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Shares are sold by the Company, the amount realised by the Company from the sale.

(f) A Participant may elect to repay the loan in whole or in part at any time.

(g) Cash dividends which are paid in respect of Shares the subject of a Loan will be applied by the Company on behalf of the Participant to repayment of the amount outstanding under the Loan and any surplus of the cash dividend will be paid to the Participant.

(h) Any fees, charges and stamp duty payable in respect of a loan will be payable by the Participant.

(i) The Company will have a lien over each Share acquired pursuant to the loan until such time as the loan in respect of that Share is repaid. The Company will be entitled to sell those Shares in accordance with the terms of the Share Plan.

(j) Each Share issued under the Share Plan may not be transferred and will not be quoted on the ASX until the loan in respect of that Share is repaid.

If, prior to repayment of a loan by a Participant, the Participant dies, becomes bankrupt or is no longer an officer or employee of, or consultant to, the Company or its subsidiaries, then the Participant is required either to repay the loan within three (3) months or to allow the Company to sell the Shares on the ASX and apply the proceeds of sale in repayment of the loan.

If the proceeds of sale of the Shares are less than the amount outstanding in relation to the loan (including the expenses associated with the sale of the relevant Shares), the Company will forgive the amount of the shortfall.

12.4 Material contracts

Set out below are summaries of contracts to which the Company is a party which are or may be material to the Offer or the operations of the business of the Company or otherwise are or may be relevant to a potential investor in the Company. The following material contracts are in addition to the material contracts set out in the Solicitors' Report in Section 8 or otherwise set out in this Prospectus.

(a) Sallies Option Agreements

Parties	Date	No. of Sallies shares ("Sallies Shares")	No. of Washington shares ("Washington Shares")
Washington and Dwyka	24/2/2005	1,804,500	601,500
Washington and Fisherstreet Management Ltd	24/2/2005	3,630,100	1,210,033
Washington and Hereford Group Ltd	24/2/2005	2,852,675	950,892
Washington and Mundi Investments Pty Ltd	24/2/2005	844,900	281,633
Washington and Padstock Ltd	16/2/2005	14,429,289	4,809,763
Washington and Penally Management Ltd	24/2/2005	2,725,600	908,533
Washington and Sylvania Resources Ltd	24/2/2005	285,897	95,966

Washington has entered into seven (7) Sallies Option Agreements with holders of Sallies Shares ("Share Owners").

For a nominal fee, Washington has acquired options to acquire from the Share Owners the Sallies Shares in consideration for the issue to the Share Owner of the Washington Shares.

The exercise period expires at 5.00 pm on 31 October 2005. However, if Sallies is suspended from trading, Washington may extend the exercise period by the period of the suspension. Washington must be admitted to the ASX before it can exercise the option. Partial exercise is permitted.

(b) Strategic Alliance Agreement with Dwyka

The Company has formed an alliance with Dwyka ("Alliance") aimed at a coordinated effort in respect of their respective mining interests in Africa (together with any other areas mutually agreed, "Designated Area").

Pursuant to the Alliance Agreement dated 11 November 2004 ("HOA"), the Company and Dwyka have agreed that:

(i) Dwyka will introduce to Washington projects that are not considered to be part of Dwyka's core business;

(ii) Dwyka is bound to offer to the Alliance all opportunities within the Designated Area in which Dwyka has the opportunity of acquiring an interest, which it does not wish to acquire in its own right;

(iii) Washington has discretion as to whether or not it will proceed with any proposal;

(iv) if Washington elects to proceed with a project ("Alliance Project"), Washington is responsible for all costs up to and including completion of a feasibility study (which will be supervised by a review committee);

(v) upon completion of a feasibility study, the parties (unless a party withdraws) will form a joint venture. The participating interests in the Alliance Project will initially be Washington as to 80% and Dwyka as to 20%. However, Dwyka may elect to increase its participating interest to 49% by paying Washington 145% of Washington's feasibility study expenditure;

(vi) Dwyka will hold Alliance Projects on trust, for the benefit of the Alliance;

(vii) a review committee will be formed consisting of two representatives from each party, and

(viii) during the term of the HOA, Dwyka may appoint a nominee to the board of Washington.

(c) Convertible Note Agreement with Dwyka

On 11 November 2004 the Company entered into a Convertible Note Agreement ("Note Agreement") with Dwyka, pursuant to which Washington issued a convertible note ("Note") to Dwyka on the following terms:

(i) the Note has a face value of $250,000 and is convertible into 2,500,000 Shares in Washington at $0.10 per Share at any time during the Conversion Period (as defined below);

(ii) Dwyka may convert the Note to Shares by giving notice to Washington ("Conversion Notice") during the Conversion Period, being the period commencing on 1 July 2005 and ending on the earlier of:

A. the date of issue of Shares to Dwyka as a result of Dwyka giving a Conversion Notice;

B. repayment of the Note by Washington, or

C. 5.00 pm on 30 June 2006

("Conversion Period");

(iii) subject to Dwyka exercising its conversion right, Washington may repay the note at any time prior to 5.00 pm on 30 June 2006. Where Washington elects to repay, it must give notice to Dwyka. Where Washington receives a Conversion Notice from Dwyka within five (5) Business Days after Washington gives its notice, the Conversion Note prevails;

(iv) if Washington elects to repay the debt before commencement of the Conversion Period, Washington must repay the Note, together with interest, within 20 days of giving the notice, and

(v) the Note is repayable with interest at the rate of LIBOR plus 2%.

Dwyka has confirmed to the Company in writing that it will not exercise its rights to convert to equity until after the Shares are listed for quotation or 31 October 2005, whichever occurs earlier.

(d) Agreement with Elegant Global

By virtue of the introductory role of Elegant Global, Washington was able to identify certain tenements in the Northern Territory that ultimately became the subject of a tenement acquisition agreement (see Section 8 of this Prospectus).

Washington agreed that, upon successful acquisition of the tenements and Washington proceeding to a successful initial public offering, Elegant Global would be entitled to subscribe for Shares during a period of two (2) months from the close of the Offer. The subscription price would be $0.001 per Share. Elegant Global has agreed to subscribe for Shares on or before the date on which Washington is admitted to the Official List of the ASX.

If the Offer closes fully subscribed, Elegant Global will be entitled to subscribe for 4,000,000 Shares. If it closes and only the Minimum Subscription is reached, Elegant Global would be entitled to subscribe for 2,000,000 Shares. If the Offer closes between the Minimum Subscription and being fully subscribed, the entitlement would be calculated pro rata between 2,000,000 and 4,000,000.

12.5 Disclosure of Interests of Directors

Other than as disclosed in this Prospectus:

(a) no Director has or during the last two (2) years had any interest in:

(i) the formation or promotion of the Company, or

(ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer, or

(iii) the Offer, and

(b) no amounts (whether in cash or shares or otherwise) have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director of the Company to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or in connection with the promotion or formation of Washington or the Offer.

Directors' interests in securities in Washington

No Director as at the date of this Prospectus has any direct or indirect interest in securities in the Company other than as set out in the table below.

Name	Shares	Options
Adrian Griffin	625,000	–
Grant Button	–	–
K. Scott Huntly	–	–

Remuneration of Directors

Shareholders of the Company will be asked at the Company's next scheduled general meeting to approve the maximum annual Non-executive Director remuneration. The current maximum, as determined by the Directors, is $100,000 per annum collectively. Non-executive Directors of the Company will be paid $2,000 per month.

Agreement with Chairman and Managing Director

By agreement dated 8 April 2005, the Company and Mr Adrian Griffin entered into an agreement containing the terms and conditions under which he will provide his services as chief executive officer of the Company.

The agreement:

(i) has a term of three (3) years;

(ii) requires the payment to Mr Griffin of a fee of $10,000.00 per month (increasing by reference to the consumer price index each year) and reimbursement of expenses;

(iii) has provision for six (6) months' notice for termination, and

(iv) otherwise contains standard terms relating to confidentiality, conflicts of interest, termination and representations and warranties.

Deeds of Indemnity and Access

The Company has entered into a deed of indemnity and access with each of its Directors and the Company Secretary ("Deeds"). Under the Deeds, the Company will indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company may maintain insurance policies for the benefit of the relevant officer for the term of the appointment and for a period of seven (7) years after retirement or resignation. The Deeds also provide for the right to access Board papers.

12.6 Disclosure of Interests of Experts and Other Named Parties

Other than as disclosed in this Prospectus:

(a) no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this Prospectus, nor any firm in which any of those persons is or was a partner, or had, in the two (2) year period ending on the date of this Prospectus, an interest in:

(i) the formation or promotion of the Company, or

(ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer, or

(iii) the Offer, and

(b) no amounts (whether in cash or shares or otherwise) have been paid or agreed to be paid by any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner, or had, in the two (2) year period ending on the date of this Prospectus, and no benefits have been given to any such person for services rendered in connection with the promotion or formation of Washington or the Offer.

(c) Ernst & Young has acted as Auditor to the Company. The Company estimates that it will pay Ernst & Young a total of $15,000 for these services. Subsequently, fees will be charged in accordance with normal charge-out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Ernst & Young has received $8,250.

(d) Ernst & Young has acted as Independent Accountant to the Company and has prepared an Independent Accountant's Report, included as Section 10 of this Prospectus. The Company estimates that it will pay Ernst & Young a total of $25,000 for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Ernst & Young has received no other fees.

(e) Clayton Utz has prepared the Solicitors' Report included as Section 8 of this Prospectus and has acted as legal adviser to the Company in relation to this Prospectus and associated due diligence. The Company estimates that it will pay Clayton Utz a total of $90,000 for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Clayton Utz has received fees for services as legal adviser to the Company of $30,144. Subsequently, fees will be charged in accordance with normal charge-out rates.

(f) Mr Al Maynard has acted as Independent Geologist to the Company in relation to the Offer. Mr Maynard has prepared the Independent Geologist's Report included as Section 7 of this Prospectus. The Company estimates that it will pay Mr Maynard a total of $14,000 for these services.

12.7 Consents and Involvement in the Preparation of the Prospectus

Each of the parties referred to in this section:

(a) does not make, or purport to make, any statement in this Prospectus, or on which a statement made in this Prospectus is based, other than as specified in this section, and

(b) has not authorised or caused the issue of this Prospectus and, to the maximum extent permitted by the law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and, where applicable, a report and references thereto included in the Prospectus with the consent of that party, as specified in this section.

The following have given their written consents to the issue of this Prospectus with their reports, and references to them, included in the form and context in which they are included, and did not withdraw those consents before lodgement of this Prospectus with ASIC:

(a) Ernst & Young;

(b) Clayton Utz, and

(c) Mr Al Maynard.

The following have given their written consents to the issue of this Prospectus with their names included and did not withdraw their consents before lodgement of this Prospectus with ASIC:

(a) Computershare Investor Services Pty Limited;

(b) Dwyka, and

(c) Sallies.

Neither of such parties has had any involvement in the preparation of any part of the Prospectus other than being named in the Prospectus in the capacity in which it is so named.

12.8 Litigation

As at the date of this Prospectus, the Company is not engaged in any litigation and, insofar as the Directors of the Company are aware, no litigation involving the Company is threatened.

12.9 Taxation

The taxation obligations and the effects of participating in the Issue can vary depending on the circumstances of each individual Shareholder, the particular circumstances relating to their holdings of securities and the taxation laws applicable to Shareholders as residents of different jurisdictions.

Shareholders who are in doubt as to their taxation position should seek professional advice. It is solely the responsibility of individual applicants to inform themselves of their taxation position resulting from participation in the Issue.

12.10 Expenses of the Issue

The total expenses of the Issue and associated costs payable by the Company are estimated to be approximately $215,000, made up as follows.

ASX fees	$ 45,000
Legal fees and disbursements	$ 90,000
Independent Accountant's fees	$ 25,000
Independent Geologist's fees	$ 14,000
ASIC fees	$ 2,010
Printing and associated costs	$ 35,000
Share Registry costs	$ 3,500
Total	**$214,510**

12.11 Goods and Services Tax

All amounts cited in this Prospectus are, unless otherwise stated, exclusive of the Goods and Services Tax.

12.12 Directors' Responsibility Statement and Consents

The Directors state that they have made all reasonable enquiries and have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect of any other statement made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiry and have reasonable grounds to believe that the persons making the statement or statements were competent to make such statements, those persons having given their consent to the issue of this Prospectus and having not withdrawn their consent before lodgement of this Prospectus with ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Each Director has given and has not, at the date of this Prospectus, withdrawn his consent to the lodgement with ASIC and the ASX of this Prospectus.

This Prospectus is issued by Washington Resources Limited. Its issue was authorised by a resolution of the Directors and is signed by a Director on behalf of all Directors.

Dated 19 August 2005

Adrian Griffin

13. GLOSSARY OF TECHNICAL TERMS, ABBREVIATIONS AND SYMBOLS

In this Prospectus, the technical terms, abbreviations and chemical symbols listed below have the following meanings, unless otherwise stated or the context otherwise requires. (Not all elements are described in this section.)

13.1 Technical Terms

aeromagnetics Airborne measurement of the earth's magnetic field for the purpose of recording magnetic characteristics of rocks.

anomalous Having statistically significantly higher or lower values than the norm.

anomaly A portion of an area surveyed that is different in appearance from the area surveyed in general or containing higher or lower values than considered normal.

anthophyllite $(Mg, Fe)_7Si_8O_{22}(OH)_2$ – magnesium iron silicate hydroxide, a common component of some metamorphic and metasomatic rocks (its name comes from the Latin word for clove and is an allusion to its typical and distinctive clove-brown colour).

anticline An upward fold of a rock formation.

Archaean The oldest rocks of the Earth's crust – older than 2,400 million years.

assay An examination of a sample to measure specified ingredients.

auger Screw-like boring tool used to obtain shallow soil samples.

auriferous Containing gold.

Banded Iron Formation (BIF) Tabular rock body usually consisting of alternating bands of quartz and iron-rich minerals.

basalt A fine-grained, dark igneous rock, generally extrusive, composed of half feldspar and half mafic materials.

basement Crustal layer of rock beneath sedimentary strata.

base metal A non-precious metal (the term is commonly used to refer to nickel, copper, lead and zinc).

basin A depression of large size in which sediments have accumulated.

bauxite A clay-like mineral containing various proportions of alumina, the chief source of aluminium.

biotite Common rock-forming mica mineral.

bismuth A brittle, reddish-white metallic element occurring naturally and used in alloys.

brecciation A process that produces a fragmental rock of angular-shaped components.

Bulk Leach Extractable Gold (BLEG) A chemical method of estimating the gold content of soil samples by cyanide extraction.

Cambrian A geological era – the oldest system into which Palaeozoic stratified rocks are divided, about 500 to 600 million years ago.

cap Forming or occurring on top of another rock.

carbonaceous Pertaining to, or composed largely of, carbon.

chalcopyrite A copper-iron-sulphide material.

chert Dense, flinty, very fine-grained rock composed almost wholly of silica.

chlorite A dark mineral related to mica.

clastic Composed of broken pieces of older rocks.

colluvium Loose and incoherent deposits, usually at the foot of a slope and transported there by gravity.

complex An assemblage of related rocks that have been intricately mixed or otherwise complicated.

costean A wide trench through the surface soil or debris to expose the bedrock for mapping and sampling.

craton A relatively immobile part of the earth, generally of large size.

deformation Process by which rocks are folded or faulted.

deposition The precipitation of mineral matter from solution.

diamond drilling Method of obtaining a cylindrical core of rock by drilling with a diamond-set or diamond-impregnated bit.

disseminated Mineral grains scattered throughout host rock.

dolerite A medium-grained mafic intrusive rock composed mainly of pyroxene and plagioclase.

dunite A dark ultramafic rock consisting essentially of olivine.

dyke intrusion A tabular igneous intrusion cutting across the bedding or other planar structures in the country rocks.

exploration Projecting, sampling, mapping, drilling and other work involved in the search for mineralisation.

exposed Description of an area of rock unobscured by soil, vegetation or water.

fault A fracture in rock along which there has been relative displacement of the two sides either vertically or horizontally – this may provide a channel for the passage of mineral-bearing solutions.

feldspar A very abundant group of rock-forming silicate minerals in which calcium, sodium and potassium are in combination with aluminium.

felsic Descriptive of light-coloured, fine-grained igneous rock containing an abundance of mineral feldspar (generally potassium-rich) and quartz but with a very low content of mafic minerals.

ferruginous Pertaining to or containing iron; red-coloured rocks in which the iron content has been oxidised.

fire assay Method of geochemical analysis.

fold A bend in rock strata.

foliation Laminated structure in rocks resulting from the parallelism of the constituent minerals or by the segregation of different minerals into layers.

gabbro Coarse-grained, dark igneous rock of similar composition to basic volcanics.

garnet Aluminium silicate material – most commonly formed during metamorphism.

geochemical anomaly A concentration of one or more elements in rock, soil, water or vegetation that differs significantly from the normal concentration.

geochemical surveys The application of methods and techniques of geochemistry, such as soil and rock sampling, in the search for minerals.

geophysical survey The exploration of an area in which physical properties (for example, resistivity, conductivity, magnetic properties) unique to the rocks in the area are quantitatively measured by one or more geophysical methods.

gneiss A metamorphic rock in which the foliation is marked by alterations of layers of light- and dark-coloured minerals and which results from the recrystallisation of pre-existing igneous or sedimentary rock.

gossan Rust-coloured, oxidised or weathered capping or staining of a mineral deposit – generally formed by the decomposition of metallic sulphides.

grade Quantity or gold or other metal per unit weight of the host rock or sample.

granite Coarse-grained igneous crystalline rock with a high silica content.

granitoid Pertaining to or composed of granite.

granulite A metamorphic rock composed of even-sized, interlocking granular minerals.

greenschist Metamorphic mineral assemblage typical of low-grade regional metamorphism.

greenstone Term for any fine-grained mafic igneous rock.

greywacke Sedimentary rock composed of fragments that are poorly sorted with respect to size and shape.

grid Systematic array of points or lines along which field observations are made.

ground geochemical surveys Exploration procedures in which geochemical techniques are applied on the surface, as contrasted with aerial surveys.

ground magnetics Measurement of the earth's magnetic field from an instrument reading taken at or near ground level, in order to record the magnetic characteristics of rocks.

harzburgite Coarse-grained mafic igneous rock known by the presence of olivine and orthopyroxene.

heavy minerals Minerals with a high specific gravity – usually an SG >3.0

hematite (haematite) An iron-oxide mineral.

host rock Rock containing mineralisation.

hydrothermal Pertaining to heated water, particularly of magmatic origin, associated with the formation of mineral deposits or the alteration of rocks.

hydrothermal alteration The alteration of rocks caused by circulating fluids.

igneous Formed by solidification from the molten state.

Indicated Resource A resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity on geological evidence.

induced polarisation Geophysical survey method involving application of electricity to the earth to induce a response from the underlying strata, which response is then measured and interpreted.

Inferred Resource That part of a 'mineral resource' for which tonnage, grade and mineral content can be estimated with a low level of confidence. Inferred from geological evidence and assumed but not verified from geological and/or grade continuity, it is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.

in-situ Term used to describe rocks and minerals found in their original position of formation.

inlier An area or group of rocks surrounded by rocks of younger age.

intersection That portion of a drill hole which passes through mineralisation or a feature of exploration interest.

intrusion/intrusive A body/bodies of igneous rock intruding on previously existing rocks.

ironstones Generally structureless, hard, iron-rich rock.

lacustrine Of lake origin.

lag Accumulation of hard rock fragments on the surface after removal of finer material by wind or water; a loose aggregate.

lag (soil) sampling Systematic collection of soil samples at a series of locations in order to study the distribution of soil geochemical values.

laminated Discrete layers of rock.

laterite Iron-rich residual surface rock capping formed by weathering in tropical conditions.

leaching Dissolving of minerals or metals out of ore or rock.

lens A geological deposit bounded by converging surfaces (at least one of which is curved), thick in the middle and thinning out toward the edges, resembling a convex lens.

level The horizon at which an ore body is opened up and from which mining proceeds.

lineament studies Observation and interpretation of linear structural features of the earth.

lithology The composition and texture of rock.

Lower Proterozoic Geological time span from 2.5 to 1.5 billion years ago.

mafic Referring to igneous rocks composed predominantly of iron and magnesium minerals.

magma A molten fluid formed within the crust or upper mantle of the earth that may consolidate to form an igneous rock.

magnetic target Exploration target generated by a magnetic survey.

magnetite A mineral; magnetic oxide of iron.

massive Containing no, or very few, planar structures.

Measured Resource A resource intersected and tested by drill holes, underground openings or other sampling procedures at locations that are spaced closely enough to confirm continuity and where geoscientific data are reliably known.

meta Signifying that the rock name which follows has been altered in form, structure or composition by the metamorphic processes of heat and/or pressure.

metamorphic Alteration and recrystallisation of rocks because of heating or the application of pressure or both.

metamorphism The mineralogical, structural and chemical changes induced within solid rocks through the actions of heat or pressure, or the introduction of new chemicals.

metapelites Metamorphic rocks derived from clay or mud.

metasediments Partly metamorphosed sedimentary rocks.

Middle Proterozoic Geological time span from 1.5 to 1.0 billion years ago.

migmatite Rock consisting of thin alternating layers or lenses of granite type and schist.

mineralisation The concentration of metals and their chemical compounds within a body of rock.

mineralised system An area/volume of mineralised/altered rocks.

mineral resource See 'resource'.

mining lease An area granted by the appropriate statutory authority with respect to mining.

monzonite A granular plutonic rock containing equal amounts of orthoclase and plagioclase and intermediate between syenite and diorite.

mudstone A fine-grained, dark-grey, sedimentary rock formed from silt and clay and similar to shale but without laminations.

norite A type of gabbro.

olivine An important rock-forming mineral, especially in mafic and ultramafic rocks.

ore Mineral-bearing rock that may be (or has been) mined and treated at a profit.

orogeny The process by which structures within fold-belt mountainous areas are formed.

outcrop An exposure of bedrock at the surface, projecting through the overlying soil cover.

overburden Any material, consolidated or unconsolidated, that overlies a deposit of mineralisation.

oxidised Near-surface decomposition by exposure to the atmosphere and groundwater.

Palaeoproterozoic More than 2.5 billion years ago.

palladium A platinum group element.

pegmatite Coarse-grained intrusive igneous rock, similar to granite in composition and generally occurring as dykes or veins.

pentlandite A yellowish-brown nickel iron sulphide that is the principal ore of nickel (French, after Joseph Barclay Pentland (1797-1873), Irish scientist).

percussion drilling A method of drilling which utilises a hammering action under rotation to penetrate rock while the cuttings are forced to the surface by compressed air returning outside the drill rods.

Permian The last period in the Palaeozoic era, in geological history from about 286 to 248 million years ago.

pisolite Typically spherical 'gravel' formed in 'onion-ring' accretions from 0.5 to 2.0 centimetres in diameter.

platinum group element/s (PGE) Any or all of platinum (Pt), palladium (Pd), osmium (Os), rhodium (Rh), ruthenium (Ru) and iridium (Ir) – aka platinum group metal/s (PGM).

plutonic A general term applied to major intrusions and the rocks of which they are composed.

polymetallic Mineral deposit containing a number of metals– a term usually applied to complex sulphide ores.

porphyry A term first given to an altered variety of porphyrite because of its purple colour – now extended to all rocks containing phenocrysts in a fine-grained or aphanitic ground mass; that is, rocks with conspicuous crystals in a fine-grained ground mass.

precious metals A group of metals sold in bullion form – includes gold and PGE.

Probable (Ore) Reserve The economically mineable part of an Indicated, and in some circumstances Measured (Mineral) Resource – includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

prospect Any mine workings not yet valued; an area to be examined geophysically for minerals, and an area confirmed by geophysical and geological studies to the degree that it can now be tested.

Proterozoic From 2.5 billion to 570 million years ago.

Proved (Ore) Reserve The economically mineable part of a Measured (Mineral) Resource – includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

pyrite Magnetic iron sulphide mineral.

pyroxenite Family of silicate minerals that usually contain iron and magnesium and commonly calcium.

pyrrhotite Magnetic iron sulphide mineral.

quartz A very common mineral that is composed of silica.

Quaternary Period of time covering the past 2 to 3 million years.

radioactive Process in which an atomic nucleus loses energy by emitting a gamma ray without a change in its atomic or mass numbers.

radiometric data Measurement and mapping of radioactive energy output gained from exploration surveys to assist with target generation.

reverse circulation drilling A technique in which the cuttings are recovered through the drill rods, thereby minimising both sample losses and contamination.

regolith Weathered portion of the land's surface down to bedrock.

reserve The mineable part of a resource, inclusive of dilution, of which at the time of reporting extraction could reasonably be justified.

Resource Mineralisation to which conceptual tonnage and grade figures are assigned but for which exploration data are inadequate to calculate geological reserves and/or to which mining parameters have not been applied; that is, an *in-situ* mineral occurrence from which valuable

minerals may be recovered; with decreasing degrees of confidence, a resource may be classified as 'Measured', 'Indicated' or 'Inferred'.

rock-chip sampling Obtaining a sample, generally for assay, by breaking chips off a rock face.

rotary air blast drilling A technique whereby the cuttings are returned to the surface outside the drill stem by compressed air and are thus liable to contamination from the wall rocks.

sampling Taking small pieces of rock at intervals along exposed mineralisation for assay.

sandstones Rocks composed principally of quartz sand grains.

saprolite/saprolitic Soft, partially decomposed rock rich in clay and remaining in its original place.

schist Type of fine-grained metamorphic rock with a laminated fabric similar to slate.

sediment Rocks formed of particles deposited from suspension in water, wind or ice.

sequence Pile of sedimentary rocks.

sericite Fine-grained variety of mica generally formed by metamorphic processes.

serpentine/serpentinite Rock composed of hydrated magnesium silicates derived from the alteration of pre-existing ultramafic materials.

shale A laminated sedimentary rock formed by the consolidation of mud or silt.

shear A fracture in rock that is similar to a fault; zone in which rocks have been deformed by movement along innumerable parallel planes.

silicified Referring to rocks in which a significant proportion of the original constituent minerals have been replaced by silica.

sill Wall-like intrusion of igneous rock concordant with the structure of older adjacent rocks.

siltstone An indurated silt with the texture and composition of shale but lacking its fine lamination; a massive mudstone in which the silt predominates over clay or a silt shale.

sinistral strike Description of direction, a left-lateral fault (dextral is 'right-handed').

stockworks Interlocking system of tabular veins or lodes.

stratabound Confined within particular strata.

stratigraphic Pertaining to the composition, sequence and correlation of stratified rocks.

stratigraphy The study of stratified rocks, especially their age, correlation and character.

structure The total structural features of an area.

sulphides Minerals comprising a chemical combination of sulphur and metals.

surficial Of or relating to the earth's surface.

tantalite A rare, dense black mineral; the principal source of the element tantalum.

tantalum A rare, hard, white metallic element, occurring naturally in tantalite, that is heat- and acid-resistant.

tectonothermal Referring to the structural and thermal events involved in the evolution of the earth's crust

tenement Area of land defined by a government authority over which an applicant may conduct exploration or mining activity – aka 'mineral property' (for example, a mining lease or prospecting licence).

tungsten A steel-grey, dense metallic element with a very high melting point.

turbidite A marine clastic sediment deposited from intermittent sea-bottom-flowing currents laden with suspended material.

ultramafic Refers to an igneous rock composed essentially of dark-coloured iron and magnesium minerals.

unconformity A surface within a sedimentary sequence representing a break in the continuity of deposition.

Valmin Code Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports.

vanadium A grey or white, malleable, ductile, polyvalent metallic element.

vein A narrow, dyke-like intrusion of mineral traversing a rock mass of different material.

vesicle A small cavity in volcanic rock produced by gas bubbles.

volcanic Class of igneous rocks that have flowed out or been ejected at or near the earth's surface, as from a volcano.

volcaniclastic Descriptive of a clastic sediment containing material of volcanic origin.

volcanogenic Of volcanic origin.

vuggy Descriptive of a rock with cavities.

weathering The set of all processes that decay and break up bedrock by physical fracturing or chemical decomposition.

wolfram Tungsten ore.

13.2 Abbreviations

AusIMM Australasian Institute of Mining and Metallurgy

BIF Banded Iron Formation

BLEG Bulk Leach Extractable Gold

E or **EL** Exploration Licence

ELA Exploration Licence Application

EM electromagnetic survey

GIS Geographic Information System

g/t grams per tonne (a weight measure; for example, the gold content of a rock)

GSWA Geological Survey of Western Australia

JIC Jimperding Igneous Complex

JORC Code Joint Ore Reserves Committee – Australasian Code for Reporting of Mineral Resources and Ore Reserves

km kilometre/s

km² square kilometre/s

kt thousand metric tonnes

ktpa thousand metric tonnes per annum

m metre/s

Moz million ounces

Mt million tonnes

NT Northern Territory

NTGS Northern Territory Geological Survey

oz ounce/s

PGE platinum group element/s (also known as PGM – platinum group metal/s)

ppb parts per billion (1,000 million)

ppm parts per million

RAB drilling rotary air blast drilling

RC drilling reverse circulation drilling

SA South Australia

SG specific gravity

t tonne/s (1 metric tonne = 1,000 kilograms)

USA United States of America

WA Western Australia

13.3 Chemical symbols

Au gold

Ag silver

CaF_2 fluorspar

Cu copper

Cr chrome

Fe iron

Ni nickel

Pb lead

Pd palladium

Pt platinum

T_2O_5 tantalum pentoxide

U uranium

Zn zinc

14. GLOSSARY OF DEFINED TERMS

In this Prospectus, the terms and abbreviations listed below have the following meanings, unless otherwise stated or the context otherwise requires.

Applicant means a person or legal entity submitting an Application Form under this Prospectus (**Application** has a corresponding meaning).

Application Form means the application form attached to and forming part of this Prospectus.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 624 691.

ASTC Settlement Rules means the operating rules of the ASTC.

ASX, the means the Australian Stock Exchange Limited ACN 008 624 691.

Board means the Board of Directors of the Company from time to time.

Business Day has the meaning ascribed to it in the Listing Rules.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means 16 September 2005, being the last date by which Applications will be accepted for the Offer or such other date as the Board determines without prior notice.

Company, the means Washington Resources Limited ACN 097 532 137.

Convertible Note means the convertible note issued to Dwyka, as set out in Sections 2.5 and 12.4(c).

Corporations Act means the Corporations Act 2001 (Commonwealth).

Directors means each of the persons who act as a Director of the Company at the date of this Prospectus.

Dollars or **$** means the currency of Australia.

Dwyka means Dwyka Diamonds Limited ACN 060 938 552.

E or **EL** means an Exploration Licence issued under the Mining Act.

ELA means an Exploration Licence Application.

Elegant Global means Elegant Global Limited.

Existing Option means a currently existing option to subscribe for Washington Shares, subject to the terms set out in Section 12.2 of this Prospectus.

Existing Shares means Shares already allotted and on issue as at the date of this Prospectus.

Existing Shareholders means the shareholders of the Company as at the date of this Prospectus.

Exposure Period means, in accordance with section 727(3) of the Corporations Act, the period of seven (7) days (which may be extended by ASIC to up to fourteen (14) days) following lodgement of the Prospectus with ASIC, during which the Company must not process Applications.

JSE means Johannesburg Securities Exchange, South Africa.

LIBOR means London Interbank Offer Rate.

Listing Date means the date upon which the Shares are first quoted on the ASX.

Listing Rules means the Official Listing Rules of the ASX.

Maximum Subscription means $3,000,000.

Minimum Subscription means $2,500,000.

Mining Act means the Mining Act 1978 of Western Australia, as amended, or, as the context requires, the Mining Act of the Northern Territory, as amended, and all regulations made thereunder.

ML means a Mining Lease issued under the Mining Act.

MLA means an application for a Mining Lease.

Offer and **Offers** means the invitation to apply for Shares under this Prospectus.

Officer means an officer of the Company.

Opening Date means 29 August 2005.

Option means an option to subscribe for a Share.

Prospectus means this prospectus, which is dated 19 August 2005.

Sallies means Sallies Limited, registration number 1903/001879/06, a company listed on the JSE.

Share Registry means Computershare Investor Services Pty Limited of Level 2, 45 St Georges Terrace, Perth WA 6000.

Share or Shares means fully paid ordinary shares in the capital of the Company (**Shareholders** has a corresponding meaning).

Strategic Alliance means the strategic alliance pursuant to the Alliance Agreement between Washington and Dwyka dated 11 November 2004.

Washington means Washington Resources Limited ACN 097 532 137.

WST means Western Australian Standard Time, being the time in Perth, Western Australia.

ZAR means South African Rand, the currency of South Africa.

15. GUIDE TO APPLYING, AND APPLICATION FORMS

Please complete all relevant sections of the enclosed Application Form/s using BLOCK LETTERS.

The completed Application Form/s should be **posted** or **delivered in person**, together with your cheque/s (in Australian dollars for the full amount of the Application monies, made payable to 'Washington Resources Limited Share Issue Account' and crossed 'Not negotiable') to the address below.

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000
AUSTRALIA

If you have any questions on how to complete the Application Form/s, please consult your adviser or stockbroker or telephone the Share Registry on (+61 8) 9323 2000 between 9.00 am and 5.00 pm during normal working hours.

Application Forms must be received by no later than 5.00 pm (WST) on the Closing Date.

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. Any decision as to whether to treat your Application as valid, and how to construe, amend or complete it, will be made by the Company in its absolute, unfettered discretion and will be final. You will not, however, be treated as having offered to subscribe for more Shares than you have indicated.

Please let us know your contact telephone number/s, facsimile number and email address so we can contact you if necessary in relation to your Application.

Before completing the Application Form/s, you should read the Prospectus in its entirety. The Application Form/s need not be signed by the Applicant/s.

Guide to Application Forms

Type of investor	Correct form of registration	Incorrect form of registration
Individual Use given names in full, not initials	Susan Jill Brown	S J Brown
Company Use the company's full title, not abbreviations	XYZ Pty Ltd	XYZ P/L or XYZ Co.
Joint holdings Use full and complete names	Brian Richard Brown & Susan Jill Brown	Brian Brown & Susan J Brown
Trusts Use the trustee'/s' personal name/s	Susan Jill Brown <Susan Brown Family Trust A/C>	Susan Brown Family Trust
Deceased estates Use the executor'/s' personal name/s	Susan Jill Brown & Brian Richard Brown <Est Brian Richard Brown A/C>	Estate of late Brian Brown or Brian Brown Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation	Michael Peter Brown <Brian Brown A/C>	Master Michael Jones
Partnerships Use the partners' personal names	Brian Richard Brown & Peter David Brown <Peter Brown & Son A/C>	John Smith and Son
Clubs/unincorporated bodies/ *business names* Use office bearer'/s' personal name/s	Brian Richard Brown <Apex Car Club A/C>	Apex Car Club
Superannuation funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

APPLICATION FORM

For the issue of up to 15,000,000 fully paid ordinary shares at $0.20 (20 cents) each.

To: **Washington Resources Limited**
c/o Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000
AUSTRALIA.

Applications must be for a minimum of $2,000 and thereafter in multiples of 5,000 Shares.

I/We apply for .....Shares in Washington Resources Limited at an issue price of 20 cents ($0.20) per Share and attach our cheque (or evidence of direct remittance) for $....., being the subscription amount for this Application.

Registration details

Applicant'/s' name/s

ACN

Address

Suburb | State | Postcode

Phone (W) | Contact name

Phone (H) | Email address

Broker-sponsored application only

SBN/IPN | HIN

Cheque details

Drawer | Amount $

Bank | Branch

Acknowledgement

By lodging this Application Form, together with the attached or accompanying funds, I/we whose name/s and address appear above:

- hereby apply for the number of Shares in the Company at an issue price of $0.20 (20 cents) per Share stated in this Application Form;
- agree that this Application is irrevocable;
- acknowledge that the offer of Shares is made pursuant to the Prospectus dated 19 August 2005 that accompanied this Application Form and which I/we have read;
- agree to be bound by the Constitution;
- authorise and direct the Company to enter my/our name/s in the Register of Shareholders of the Company, as the holder/s of the Shares allotted and issued to me/us in respect of this application, and
- declare that all details and statements made by me/us are complete and accurate.

To be received by Washington Resources Limited no later than 5.00 pm (WST) on 16 September 2005.

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