4 October 2007

Dear Washington shareholder,

It is with great pleasure that I have the opportunity to present the Directors' report and financial statements relating to Washington's first full financial year of operation as a public company.

The Company was admitted to the Official List of the ASX in November 2005 having exploration assets in WA and NT, an interest in a South African listed fluorspar producer (Sallies Limited), a strategic alliance with a company having potential African opportunities and a strategy to add value for shareholders by developing the potential of Washington's assets. In August 2006 Washington negotiated the sale of its entire interest in Sallies for in excess of $3 million. In November 2006 what was previously an unincorporated uranium exploration JV was floated to provide Washington with a substantial shareholding in Northern Uranium Limited. Similarly our interest in the iron ore exploration joint venture near Northam, WA was sold to Reedy Lagoon Corporation Limited (our joint venture partner), which subsequently listed with Washington as its second largest shareholder.

The reorganization and subsequent float of uranium and iron ore rights (as NTU and RLC) were, in both cases, accomplished with a priority entitlement to Washington shareholders. Those who participated had the potential to realize significant gains, whilst those who did not participate still have exposure to the success of those floats through Washington's significant positions in those listed vehicles. Not only did Washington succeed in adding value by way of floating those iron and uranium rights, but it did so in a manner in which tenement title, and the rights to other minerals, were retained by Washington. This will enable us to continue exploration for base and precious metals in those areas, as outlined in our IPO prospectus. In addition, Washington participated in Northern Uranium's entitlements issue and thereby subscribed to 5 million options to acquire shares in Northern Uranium. The Company sold 4 million of those options to Areva, the world's largest nuclear corporation, for $1.8 million.

Spinning off the rights to specific commodities, whilst retaining the actual tenements and other mineral rights, is a powerful strategy as it provides access to exploration databases, fully funded by others, which are of immense technical value to Washington. Already uranium exploration undertaken by Northern Uranium has resulted in the discovery of gold, copper and bismuth anomalies at Kurundi NT, which will be further investigated by Washington; anomalies we believe to have similar signatures to the widespread iron oxide copper gold mineralization of nearby Tennant Creek. In the same area we are actively exploring for tungsten and have drilling planned for 2008.

We have successfully explored parts of the polymetallic mineralization at Yarawindah Brook WA, where nickel sulphides with copper and platinum group metals in places extend to surface. The target massive sulphides are distributed sporadically through more extensive disseminated mineralization. Geophysical techniques have been successfully employed to model the material already drilled but more importantly to determine the location of massive sulphide bodies that have not been previously intersected. The models outline the potential for a number of additional massive sulphide bodies which will be drilled in due course.

Aerial surveys of Yarawindah suggest there are parallel repetitions of the geology hosting the polymetallic mineralization. Surface geochemical sampling confirms the presence of anomalous base and precious metals in these locations, thus adding to the potential of making a major discovery at Yarawindah Brook.

The 2007 year has seen capital growth and fiscal return to your Company – an excellent outcome for an exploration company. The strong financial position developed during 2007 places the Company in a prime position to take advantage of the high demand for commodities.

Yours sincerely

Adrian Griffin
Chariman and Managing Director

WASHINGTON RESOURCES LIMITED

ACN 097 532 137

ANNUAL REPORT

30 June 2007

WASHINGTON RESOURCES LIMITED

ACN 097 532 137

30 June 2007

CONTENTS

CORPORATE DIRECTORY

Directors:
Adrian Griffin – Chairman and Managing Director
Grant Button – Non-executive Director
Scott Huntly – Non-executive Director
Robert Hair - Executive Director (appointed 7 March 2007)
Melissa Sturgess – Non-executive Director (appointed 27 August 2007)
Mark Burchnall – Non-executive Director (appointed 27 August 2007)

Company Secretary:
Robert Hair (joint)
Andrew Nealon (joint, appointed 7 March 2007)

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

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

Registered and Principal Office
98 Colin Street
West Perth WA 6005 AUSTRALIA
Telephone (+61 8) 9485 0755
Facsimile (+61 8) 9324 2977
Website www.washingtonresources.com.au
Email admin@washingtonresources.com.au

Stock Exchange Listing
Washington Resources Limited shares are listed on the Australian Stock Exchange (ASX code: WRL).

WASHINGTON RESOURCES LIMITED
ACN 097 532 137

DIRECTORS' REPORT

The Directors of Washington Resources Limited (the "Company") present their report for the year ended 30 June 2007.

1. DIRECTORS AND COMPANY SECRETARY

The names and qualifications of the Directors and Company Secretary of the Company holding office at the date of this report are:

Adrian Griffin *BSc (Hons). Age 54*

Chairman and Managing Director

Mr Griffin is a qualified geologist and has extensive experience in operational and general management of exploration, mining and processing operations. He is currently a Director of Dwyka Resources Limited and Hodges Resources Limited and has not been a Director of any other listed companies in the past three years to 30 June 2007. As chief executive officer of the Company, he is responsible for the overall leadership and general management of the Company. He provides specialist experience in the Board's deliberations on geoscientific, processing, mining and marketing matters as well as having special responsibility for investor and media relations.

Grant Button *BBus, CPA. Age 45*

Non-executive Director

Mr Button is a qualified accountant and has significant financial and other commercial management and transactional experience. He is currently a Director of Magnum Mining and Exploration Limited. He was a Director of Sylvania Resources Limited until his resignation on 21 June 2007 and has not been a Director of any other listed companies in the past three years to 30 June 2007. He is the chairman of the Company's audit committee and provides specialist experience in the Board's deliberations on financial and other commercial matters.

Scott Huntly *GDE, MSc (Eng). Age 45*

Non-executive Director

Mr Huntly has a mining engineering and surveying background and has extensive operational management and government liaison experience, particularly in Southern Africa. He was a Director of Sylvania Resources Limited until his resignation on 15 August 2007 and has not been a Director of any other listed companies in the past three years to 30 June 2007. He provides specialist experience in engineering, mining operations and government liaison.

Robert Hair *BA (Hons). Age 54*

Executive Director/Joint Company Secretary

Mr Hair was admitted as a Barrister of the Supreme Court of Queensland in July 1983 and has over 18 years of legal, commercial and general management experience in the resources industry in Australia and internationally. He is a member of the Company's audit committee and assists the Board and management in the management of legal issues, continuous disclosure, risk management and compliance. He has been a Director of Northern Uranium Limited since 22 June 2006 and has not been a Director of any other listed companies in the past three years to 30 June 2007.

Melissa Sturgess *BSc, MBA. Age 41*

Non-executive Director

Ms Sturgess has over 10 years of experience in listing and growing publicly listed companies on the Australian Stock Exchange and AIM Market of the London Stock Exchange. She is currently Chief Executive Officer of Dwyka Resources Limited (since 2001), non-executive Director of Churchill Mining Plc (since 2005) and non-executive Director of Bezant Resources Plc (since 2006).

Mark Burchnall *BA, LLB. Age 31*

Non-executive Director

Mr Burchnall graduated in 1999 from the Flinders University of South Australia before working as a lawyer with a number of prominent Australian law firms for approximately eight years. Most recently, he was employed as a Senior Associate with Clayton Utz in Perth where he worked for over four years in the corporate, energy and resources area, providing advice to a number of Australian and internationally listed clients, primarily with a natural resources focus in areas including capital raising, asset and share sales and acquisitions (with the associated due diligence enquires). He is currently a Director of Bezant Resources Plc (Listed on AIM).

Andrew Blair Nealon

Joint Company Secretary

Mr Nealon was appointed to the position of joint company secretary in March 2007. Mr Nealon has held similar roles with other mining and exploration companies.

Meetings of Directors held and their attendance during the financial year were as follows:

Name of Director:	*No. of meetings attended:*	*No. of meetings whilst Director:*
Adrian Griffin	9 (7 Board and 2 Audit Committee)	9 (7 Board and 2 Audit Committee)
Grant Button	9 (7 Board and 2 Audit Committee)	9 (7 Board and 2 Audit Committee)
Scott Huntly	5 (Board meetings)	7 (Board meetings)
Robert Hair	3 (2 Board and 1 Audit Committee)	3 (2 Board and 1 Audit Committee)

Number of Shares held by Directors

Directors	Balance 1-Jul-06	Received as Remuneration	Options Exercised	Net Change Other	Balance 30-Jun-07
Adrian Griffin	625,000	750,000	-	-	1,375,000
Grant Button	-	400,000	-	-	400,000
Scott Huntly	-	-	-	-	-
Robert Hair	30,000	500,000	-	-	530,000
	655,000	1,650,000	-	-	2,305,000

Number of Options held by Directors

Directors	Balance 1-Jul-06	Received as Remuneration	Options Exercised	Net Change Other	Balance 30-Jun-07
Adrian Griffin	865,793	-	-	-	865,793
Grant Button	365,793	-	-	-	365,793
Scott Huntly	365,793	400,000	-	-	765,793
Robert Hair	365,793	-	-	-	365,793
	1,963,172	400,000	-	-	2,363,172

2. PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was the exploration for minerals.

3. OPERATING RESULTS

The profit/(loss) after income tax for the year ended 30 June 2007 was $1,667,320 (2006: ($1,041,285)).

4. REVIEW OF OPERATIONS

Corporate

<u>Washington Resources Share and Option Plans</u>

During the year the Company issued 2,070,000 ordinary shares at $0.25 per share to Directors and employees under the Washington Resources Share Plan (the "Plan"). Loans totalling $517,500 were extended under the Plan for the acquisition of those shares.

The Company also granted 400,000 options (expiring on 30 June 2010, with an exercise price of $0.25) to a Director under the Washington Resources Option Plan.

The issue of securities to Directors was approved by shareholders at the Company's Annual General Meeting on 29 November 2006, in accordance with Listing Rule 10.14 and Chapter 2E of the Corporations Act 2001.

Other Share Issues

During the year the Company issued 5,000,000 ordinary shares to institutional investors at $0.22 per share, thereby raising $1,100,000. The funds will be applied towards the Company's exploration and evaluation projects and potential advancement of new opportunities.

432,000 listed options were exercised during the year at an exercise price of $0.25 per option and 432,000 ordinary shares were issued as a result.

1,000,000 options were granted to a nominee of Hartleys Limited ("Hartleys"), pursuant to a mandate agreement entered into by the Company with Hartleys. The options have an exercise price of $0.35 per option, expire on 31 May 2010 and are unquoted.

Northern Uranium Limited

The Company currently holds 10,000,001 shares (or 20.52% of the voting power) in Northern Uranium Limited ("Northern Uranium"), which successfully carried out an initial public offering during the year and was admitted to trading on the Australian Stock Exchange. These shares are subject to a restriction agreement with Northern Uranium.

During the year, Northern Uranium carried out an entitlements issue, whereby shareholders were entitled to take up options, on the basis of one option for every two Northern Uranium shares held, to acquire Northern Uranium shares at an exercise price of $0.25.

The Company currently holds 1,000,000 options to acquire shares in Northern Uranium. During the year, the Company entered into an agreement with Areva NC Australia Pty Ltd ("Areva"), whereby Areva would (subject to certain conditions) acquire 4,000,000 Northern Uranium options for a total of $1,800,000. Completion of this agreement occurred on 16 July 2007.

Reedy Lagoon Corporation Limited

During the year the Company entered into an agreement with Reedy Lagoon Corporation Limited ("Reedy Lagoon"), whereby the Company's interest in the Bulla iron ore joint venture was sold in return for the issue to the Company of 4,000,000 fully paid ordinary shares in Reedy Lagoon at the time of the initial public offering. That offering was successfully completed during the year and, at the date of this report, the Company holds 4,000,000 shares (or 8.4% of the voting power) in Reedy Lagoon, which shares are subject to a restriction agreement.

Sallies Limited

During the year the Company sold its entire shareholding of 26,572,961 shares in Johannesburg-listed Company Sallies Limited (registration number 1903/001879/06) by way of an off-market transfer at a price of ZAR0.60 per share (ZAR15,943,776 in total). This equated to approximately AUS$3,070,000.

Exploration

Yarawindah Brook (80% Washington)

The Yarawindah Brook ("Yarawindah") project lies within the Jimperding Igneous Complex, approximately 130 kilometres north of Perth.

Initial drilling at Yarawindah intersected massive sulphides, close to the surface, in three drill holes. The mineralization included nickel, copper, cobalt and platinum group metals.

On 19 March 2007 the Company announced that it had completed a 28 hole reverse circulation drilling programme at Yarawindah. A total of 3482 metres was drilled. The intervals assayed peaked at 2.89% nickel and 1.52% copper. As with previous drilling, cobalt values were consistently high (best 1 metre interval returning 0.16%). Moderate palladium values are also associated with the mineralization. Results of the programme are summarized below.

Table 1 Yarawindah Brook 1m intersections

	Local Grid		GDA 94				Significant Intersections			Assays					
Bore	North	East	North	East	Azimuth (degrees)	Declination (degrees)	From	To	Interval	Au	Pt	Pd	Ni	Co	Cu
							m	m	m	ppb	ppb	ppb	%	ppm	%
YWRC 77	9,700	10,200	6,558,917	430,508	241	-60	70	72	2	2	2	40	0.88	690	0.33
							93	94	1	21	4	35	0.23	203	1.97
YWRC 78	9,650	10,200	6,558,873	430,532	241	-60	NSA								
YWRC 79	9,650	10,150	6,558,849	430,489	241	-60	NSA								
YWRC 80	9,700	10,250	6,558,942	430,551	241	-60	34	35	1	9	2	46	0.14	155	0.96
							39	40	1	22	1	62	0.41	304	0.93
YWRC 81	9,400	10,550	6,558,827	430,960	241	-60	100	101	1	12	15	461	0.72	447	0.17
							121	122	1	8	15	571	0.72	386	0.13
YWRC 82	9,400	10,500	6,558,803	430,916	241	-60	71	72	1	8	1	71	0.89	677	0.36
							144	145	1	37	38	945	0.75	366	0.13
YWRC 83	9,350	10,500	6,558,759	430,941	241	-60	74	75	1	11	1	515	1.46	643	0.15
							77	81	4	15	1	527	1.67	739	0.29
							inc. 78	79	1	13	1	593	2.89	1274	0.54
YWRC 84	9,350	10,450	6,558,735	430,897	241	-60	NSA								
YWRC 85	9,350	10,550	6,558,784	430,984	241	-60	83	84	1	7	2	207	0.18	198	1.12
							90	93	3	27	5	143	1.3	931	0.51
							inc. 91	92	1	22	7	145	2.27	1585	0.29
YWRC 86	9,450	10,550	6,558,871	430,935	241	-60	91	92	1	9	5	196	2.55	1479	0.25
							130	131	1	8	<1	205	0.76	575	0.36
							135	136	1	31	1	219	0.33	261	1.07
							145	146	1	35	2	226	0.12	132	1.17
YWRC 87	9,450	10,500	6,558,846	430,892	241	-60	NSA								
YWRC 88	9,500	10,550	6,558,915	430,911	241	-60	67	68	1	108	12	102	0.18	140	0.89
							69	70	1	102	8	125	0.14	106	0.91
YWRC 89	9,450	10,550	6,558,896	430,979	241	-60	NSA								
YWRC 90	9,750	10,250	6,558,985	430,527	241	-60	Aband								
YWRC 90A	9,750	10,253	6,558,987	430,529	241	-60	NSA								
YWRC 91	11,100	9,950	6,560,014	429,603	196	-60	NSA								
YWRC 92	11,150	9,950	6,560,058	429,578	286	-60	NSA								
YWRC 93	10,950	9,950	6,559,970	429,627	241	-60	NSA								
YWRC94	10,850	10,050	6,559,845	429,812	241	-60	48	49	1	7	3	94	0.86	429	0.34
							60	61	1	1	<1	88	0.48	337	1.52
							76	79	1	6	6	617	0.73	434	0.52
							inc. 76	77	1	7	<1	1196	1.23	735	0.4
YWRC 95	10,800	10,050	6,559,802	429,837	286	-60	NSA								
YWRC 96	10,900	10,050	6,559,889	429,788	196	-60	85	86	1	6	115	114	0.5	380	0.29
YWRC 97	10,600	9,980	6,559,593	429,874	196	-60	95	97	2	144	180	603	0.26	384	0.9
YWRC 98	10,750	10,450	6,559,954	430,210	241	-60	NSA								
YWRC 99	10,650	10,350	6,559,818	430,172	241	-60	92	95	3	254	137	829	0.3	197	1.11
							107	110	3	44	53	502	0.5	264	0.63
YWRC 100	10,700	10,350	6,559,862	430,147	241	-60	92	95	3	254	137	829	0.3	197	1.11
							107	110	3	44	53	502	0.5	264	0.63
YWRC 101	10,750	10,350	6,559,905	430,123	241	-60	79	80	1	76	44	909	0.16	142	0.92
							98	101	3	30	13	418	0.47	285	1.12
YWRC 102	10,550	9,995	6,559,557	429,912	241	-60	NSA								
YWRC 103	9,300	10,500	6,558,716	430,965	241	-60	NSA								
YWRC 104	9,300	10,550	6,558,740	431,009	241	-60	NSA								

NSA = No Significant Assays

The information in this report is based on information compiled by Mr Adrian Griffin, who is a member of the Australasian Institute of Mining and Metallurgy and the Geological Society of Australia. Mr Griffin is the Chairman and Managing Director of Washington Resources Limited.

The drilling programme was designed to test the source of geophysical anomalies that drilling by the Company had previously shown to be associated with mineralization. The drill holes were collared in mafic/ultramafic host rocks or more recent, overlying sedimentary cover. Most holes were targeted to penetrate the footwall of the host rocks. However, some holes were terminated in barren mafic rocks, close to target depth.

Mineralization, consisting of nickel, copper, cobalt and platinum group metals, was intersected in a number of drill holes and significant assays are shown in the appended table above.

The polymetallic mineralization occurs within massive to disseminated pyrrhotite (an iron sulphide), which is widespread through the ultramafic rocks. Some of the mineralized material has been deformed and structurally redistributed, locally resulting in the injection of sulphides into material above and below the source horizons.

A down-hole geophysical survey to test continuity of individual lenses of mineralized sulphides commenced on 5 March 2007.

the Company commissioned petrological, geophysical and metallurgical studies, which are still in progress at the date of this report. These studies are intended to optimize the grade and recovery of concentrates from the Yarawindah mineralization.

Results to date have added significantly to the knowledge of the Yarawindah polymetallic mineralization and enabled construction of a geological model, which will be used to direct further exploration. The knowledge gained will be applied, not only to future exploration at Yarawindah, but also to other Company projects within the Jimperding Igneous Complex.

Other exploration

In addition to the extensive drilling undertaken at Yarawindah, routine prospecting activities were undertaken on other granted tenements in Western Australia. Examination of tungsten mineralization on the Kurundi exploration licence (Northern Territory) culminated in the lodgement of work programs which will include drilling. The commencement of drilling is scheduled for early in the 2007-08 year.

5. DIVIDENDS

No dividend has been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

6. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 16 July 2007, the Company received $1,800,000 resulting from the sale of 4,000,000 Northern Uranium options.

7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the financial year, total equity increased from $5,654,610 to $8,311,696. This was primarily due to the strong increase in the market value of the Company's investments in other exploration companies, sale of the Bulla joint venture, significant maiden profit and issuing additional shares to institutional investors.

The Company also took up its entitlement to 5,000,000 options in Northern Uranium. The Company subsequently entered into an agreement to sell 4,000,000 of these options for a cash consideration of $1,800,000.

The Company's exploration activities were focused on Yarawindah (Washington 80%) and adjacent tenements, where the principal targets have been platinum group metals and nickel.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company currently has a strong cash position, which will enable it to pursue its existing exploration interests, as well as to respond to other opportunities within the exploration and mining industry.

The Directors are confident that during the course of the next financial year the Company can further its understanding of the geology of its Yarawindah acreage leading to the delineation of economic base metal and platinum group mineralization.

The Company's shareholdings in Northern Uranium and Reedy Lagoon will give it the ability to share in any success of these companies.

9. INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has entered into (or, as regards the Directors appointed on the 27 August 2007, intends to enter into) deeds of access and indemnity with the officers of the Company, indemnifying them against liability incurred, including costs and expenses in successfully defending legal proceedings. The indemnity applies to a liability for costs and expenses incurred by the Director or officer acting in their capacity as a Director or officer. Except in the case of a liability for legal costs and expenses, it does not extend to a liability that is:

(a) owed to the Company or a related body corporate of the Company;

(b) for a pecuniary penalty order under section 1317G or a compensation order under section 1317H or section 1317HA of the Corporations Act 2001; or

(c) owed to someone other than the Company or a related body corporate of the Company where the liability did not arise out of conduct in good faith.

Similarly, the indemnity does not extend to liability for legal costs and expenses:

(d) in defending proceedings in which the officer is found to have a liability described in paragraph (a), (b) or (c);

(e) in proceedings successfully brought by the Australian Securities and Investments Commission or a liquidator; or

(f) in connection with proceedings for relief under the Corporations Act 2001 in which the court denies the relief.

Insurance cover in respect of Directors' and officers' liability is currently being investigated.

10. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's activities are subject to State and Federal legislation relating to the protection of the environment. The Company is subject to significant environmental legal regulations in respect to its exploration and evaluation activities. There have been no known breaches of these regulations and principles.

11. OPTIONS

At the date of this report there are 35,674,660 options over un-issued shares in the capital of the Company each having an expiry date of 28 February 2008 and an exercise price of $0.25. During the year, the Company granted a further 1,000,000 options over un-issued shares with an expiry date of 31 May 2010 and an exercise price of $0.35. 432,000 of these options were exercised during the year, raising $108,000.

A list of the top 20 option holders is set out in the section of this report entitled "Additional ASX Information".

12. REMUNERATION REPORT (AUDITED)

<u>Introduction</u>

This Remuneration Report outlines the Director and executive remuneration arrangements of the Company and in accordance with the requirements of the *Corporations Act 2001* and regulations made thereunder. It also provides the remuneration disclosures required by paragraphs Aus 25.4 t Aus 25.7.2 of AASB 124 *Related Party Disclosures*, which have been transferred to the Remuneration report in accordance with Corporations Regulation 2M.6.04. For the purpose of this report Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, and includes executives of the Company.

<u>Remuneration Philosophy</u>

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Significant portion of executive remuneration "at risk" provided through participation in incentive plans based on Company share price performance (and hence "at risk"); and
- Encourage Directors to apply a portion of their fees to acquire shares in the Company at market price.

The Company also recognizes that, at this stage in its development, it is most economic to have only a few employees and to draw, as appropriate, upon a pool of consultants selected by the Directors on the basis of their known management, geoscientific, engineering and other professional and technical expertise and experience. The Company will nevertheless seek to apply the principles described above to its Directors and executives, whether they are employees of or consultants to the Company.

Remuneration Committee Responsibilities

During the year, the Company did not have a separately established Remuneration Committee. Given the current size of the Board, it considers that this function is efficiently achieved with full Board support, in accordance with the guidelines set out in this report. Accordingly, the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the Chairman and Managing Director and the senior management team.

The Board assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive and executive Director remuneration is separate and distinct.

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors must be determined from time to time by shareholders of the Company in a general meeting. An amount not exceeding the amount determined is then divided between the non-executive Directors as agreed. The current aggregate limit of remuneration for non-executive Directors is $100,000. During the year ended 30 June 2006, total aggregate remuneration paid to non-executive Directors was $29,262. During the year ended 30 June 2007, total aggregate remuneration paid to non-executive Directors was $48,000, excluding superannuation.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst non-executive Directors is reviewed annually. The Board will consider advice from external consultants, as well as the fees paid to non-executive Directors of comparable companies, when undertaking the annual review process.

Each non-executive Director receives a fee for being a Director of the Company. This fee is currently set at $24,000 per annum, excluding superannuation. No additional fee is paid for participating in Board Committees.

Non-executive Directors are encouraged by the Board to hold shares in the Company (purchased on market and in accordance with the Company's approved policies to ensure there is no insider trading). It is considered good governance for Directors of a company to have a stake in that company. The non-executive Directors of the Company may also participate in the share and option plans as described in this report, which provide incentives where specified criteria are met.

Executive Director and Senior Management Remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company, business team and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Structure

In order to determine the level and make-up of executive remuneration, the Board will engage an external consultant to provide independent advice both in the form of a written report detailing market levels of remuneration for comparable executive roles and in making recommendations to the Board.

At this time, the cash component of remuneration paid to Directors, the Company Secretary and other senior managers is not dependent upon the satisfaction of a performance condition. It is current policy that executives be engaged by way of consultancy agreements with the Company, under which they receive a contract rate based upon the number of hours of service supplied to the Company. There is provision for half-yearly review and adjustment based on consumer price indices. Such remuneration is hence not dependent upon the achievement of specific performance conditions. This policy is considered to be appropriate for the Company, having regard to the current state of its development.

Agreement with Chairman and Managing Director

On 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 Managing Director of the Company. The agreement came into effect upon the Company's listing on the Australian Stock Exchange, which occurred on 14 November 2005.

The agreement:

- has a term of three years;
- involves the payment to Mr Griffin of an annual salary of $125,000 plus superannuation (increasing by reference to the consumer price index each year) and reimbursement of expenses;
- has provision for six months notice for termination. The Company may terminate this employment agreement by providing 6 months written notice or providing payment in lieu of the notice period (being $62,500, based on the fixed component of Mr Griffin's remuneration); and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

Directors' Remuneration 2007 (Audited)

	Short-term				Long-term	Share based payments		
	Salary Fees	Consultancy Agreement	Cash Bonus	Non-Cash Benefits	Superannuation Contribution	Shares	Options	Total
Directors	$	$	$	$	$	$	$	$
Adrian Griffin	125,000	-	-	-	11,250	117,750	-	254,000
Grant Button	24,000	40,000	-	-	2,160	62,800	-	128,960
Scott Huntly	24,000	-	-	-	-	-	67,200	91,200
Robert Hair**	-	86,363	-	-	-	30,500	-	116,863
	173,000	126,363	-	-	13,410	211,050	67,200	591,023

***appointed 7 March 2007*

Directors' Remuneration 2006 (Audited)

	Short-term				Long-term	Share based payments		
	Salary Fees	Consultancy Agreement	Cash Bonus	Non-Cash Benefits	Superannuation Contribution	Shares	Options	Total
Directors	$	$	$	$	$	$	$	$
Adrian Griffin	83,653	-	-	-	7,529	-	-	91,182
Grant Button	14,920	-	-	-	1,343	-	-	16,263
Scott Huntly	14,999	-	-	-	-	-	-	14,999
	113,572	-	-	-	8,872	-	-	122,444

Executives' Remuneration 2006 (Audited)

	Short-term				Long-term	Share based payments		
	Salary Fees	Consultancy Agreement	Cash Bonus	Non-Cash Benefits	Superannuation Contribution	Shares	Options	Total
Executive	$	$	$	$	$	$	$	$
Robert Hair	-	115,064	-	-	-	-	-	115,064
	-	115,064	-	-	-	-	-	115,064

No cash remuneration is performance related.

Incentive shares and options: Granted and vested during the year

Shares

30-Jun-07	Granted No.	Grant Date	Fair Value per share at grant date (cents) (note 21)	Exercise price per share (cents) (note 21)	Expiry Date	First Exercise Date	Last Exercise Date	Vested No.	Vested %
Directors									
Adrian Griffin	750,000	28-Dec-06	15.7	25	28-Dec-09	28-Dec-07	28-Dec-09	-	-
Grant Button	400,000	28-Dec-06	15.7	25	28-Dec-09	28-Dec-07	28-Dec-09	-	-
Robert Hair	500,000	14-Jul-06	6.1	25	14-Jul-06	14-Jul-07	14-Jul-09	-	-
Total	1,650,000							-	

Terms & Conditions for each Grant

Options

30-Jun-07	Granted No.	Grant Date	Fair Value per option at grant date (cents) (note 21)	Exercise price per option (cents) (note 21)	Expiry Date	First Exercise Date	Last Exercise Date	Vested No.	Vested %
Directors									
Scott Huntly	400,000	28-Dec-06	16.8	25	30-Jun-10	28-Dec-07	30-Jun-10	-	-
Total	400,000							-	

Terms & Conditions for each Grant

Options and Shares granted as part of remuneration

Options

	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Total Value of options granted, exercised and lapsed during the year $	% Remuneration consisting of options for the year
Scott Huntly	67,200	-	-	67,200	-

Shares

	Value of shares granted during the year $	Value of shares exercised during the year $	Value of shares lapsed during the year $	Total Value of shares granted, exercised and lapsed during the year $	% Remuneration consisting of shares for the year
Adrian Griffin	117,750	-	-	117,750	-
Grant Button	62,800	-	-	62,800	-
Robert Hair	30,500	-	-	30,500	-

There were no alterations to the terms and conditions of options and shares granted as remuneration since their grant date.

There were no forfeitures during the period

13. NON-AUDIT SERVICES AND AUDITOR'S INDEPENDENCE

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the auditor, Ernst & Young, for audit and non-audit services provided during the year are set out below.

	2007 $	2006 $
Remuneration of the auditor of the Company for:		
-auditing or reviewing the financial report		
Ernst & Young	48,775	30,000
-other services		
Ernst & Young	-	-
	48,775	30,000

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 50 and forms part of this report.

This report is made in accordance with a resolution of Directors

Adrian Griffin
Managing Director
Perth
28 September 2007

WASHINGTON RESOURCES LIMITED
ACN 097 532 137

DIRECTORS' DECLARATION

In the opinion of the Directors of Washington Resources Limited:

(a) the financial statements and notes set out on pages 16 to 48 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the Company as at 30 June 2007 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ending 30 June 2007.

This declaration is made in accordance with a resolution of the Directors.

Adrian Griffin
Chairman and Managing Director
Perth
28 September 2007

WASHINGTON RESOURCES LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 $	2006 $
Continuing Operations			
Revenue	3(a)	161,982	54,797
Other income	3(b)	3,329,016	-
Revenue and other income		3,490,998	54,797
Administration expenses	3(c)	(1,139,981)	(563,602)
Finance costs	3(d)	(166)	(25,009)
Occupancy expenses	3(e)	(47,893)	(12,970)
Other expenses	3(f)	-	(536,000)
Share of loss of an associate	13	(415,238)	-
Profit/(loss) from continuing operations before income tax		1,887,720	(1,082,784)
Income tax (expense) credit	5	(210,400)	41,499
Net profit/(loss) from continuing operations after income tax		1,677,320	(1,041,285)
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company:	8	**Cents**	**Cents**
Basic earnings per share		3.30	(2.29)
Diluted earnings per share		3.30	(2.29)

The above income statement should be read in conjunction with the accompanying notes.

WASHINGTON RESOURCES LIMITED
BALANCE SHEET
AS AT 30 JUNE 2007

	Note	2007 $	2006 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	3,824,915	1,609,803
Receivables	10	111,078	130,997
Available-for-sale investment	11	-	3,003,725
TOTAL CURRENT ASSETS		**3,935,993**	**4,744,525**
NON-CURRENT ASSETS			
Plant and equipment	12	13,142	2,496
Investment in an associated company	13	1,134,762	-
Available-for-sale investments	11	1,558,709	-
Deferred exploration and evaluation costs	14	2,150,854	1,372,955
TOTAL NON-CURRENT ASSETS		**4,857,467**	**1,375,451**
TOTAL ASSETS		**8,793,460**	**6,119,976**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	128,460	173,915
Income tax payable		281,822	-
Provisions	16	11,538	4,867
TOTAL CURRENT LIABILITIES		**421,820**	**178,782**
NON-CURRENT LIABILITIES			
Deferred tax liability	5	59,944	286,584
TOTAL NON-CURRENT LIABILITIES		**59,944**	**286,584**
TOTAL LIABILITIES		**481,764**	**465,366**
NET ASSETS		**8,311,696**	**5,654,610**
EQUITY			
Contributed equity	17	7,693,567	6,511,000
Accumulated losses	19	(435,583)	(2,112,903)
Reserves	20	1,053,712	1,256,513
TOTAL EQUITY		**8,311,696**	**5,654,610**

The above balance sheet should be read in conjunction with the accompanying notes.

WASHINGTON RESOURCES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 $	2006 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(870,092)	(572,152)
Exploration expenditure		(883,143)	(864,206)
Net cash flows used in operating activities	25	(1,753,235)	(1,436,358)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(11,935)	(2,725)
Interest received		161,982	54,797
Proceeds from sale of available for sale investments		2,852,710	-
Purchase of investments		(250,000)	-
Loan to an associate		(266,729)	-
Repayment of loan from an associate		340,319	(73,590)
Net cash flows used in financing activities		2,826,347	(21,518)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,208,000	3,089,000
Costs associated with issue of shares		(66,000)	-
Prospectus costs		-	(217,610)
Proceeds from option issue		-	363,066
Proceeds/(Repayment) of convertible note		-	(250,000)
Net cash flows used in provided by financing activities		1,142,000	2,984,456
Net increase in cash and cash equivalents held		2,215,112	1,526,580
Cash and cash equivalents at the beginning of the financial year		1,609,803	83,223
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	**3,824,915**	**1,609,803**

The above cash flow statement should be read in conjunction with the accompanying notes.

WASHINGTON RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Issued capital $	Accumulated losses $	Option reserve $	Employee benefits reserve $	Net unrealized gain reserve $	Total equity $
At 1 July 2005	1,541,250	(1,071,618)	-	-	-	469,632
Income and expense for the period recognized directly in equity						
Net gains on available for sale investments	-	-	-	-	893,447	893,447
Loss for the period	-	(1,041,285)	-	-	-	(1,041,285)
Total income/(expense) for the period	-	(1,041,285)	-	-	893,447	(147,838)
Issue of share capital	5,419,872	-	-	-	-	5,419,872
Options issued	-	-	363,066	-	-	363,066
Cost of share issue	(200,122)	-	-	-	-	(200,122)
Convertible note repayment	(250,000)	-	-	-	-	(250,000)
At 30 July 2006	6,511,000	(2,112,903)	363,066	-	893,447	5,654,610
Income and expense for the period recognized directly in equity						
Reversal of Net unrealized gains reserve on disposal of available for sale investments	-	-	-	-	(893,447)	(893,447)
Net gains on available for sale investments	-	-	-	-	391,096	391,096
Employee benefits reserve	-	-	-	303,870	-	303,870
Profit for the period	-	1,677,320	-	-	-	1,677,320
Total income/(expense) for the period	-	1,677,320	-	303,870	(502,351)	1,478,839
Issue of share capital	1,208,000	-	-	-	-	1,208,000
Cost of share issue	(29,753)	-	-	-	-	(29,753)
Transfer from option reserve on exercise of options	4,320	-	(4,320)	-		-
At 30 July 2007	7,693,567	(435,583)	358,746	303,870	391,096	8,311,696

The above statement of changes in equity should be read in conjunction with the accompanying notes.

WASHINGTON RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: CORPORATE INFORMATION

The financial report of Washington Resources Limited (the "Company") for the year ended 30 June 2007 was authorized for issue in accordance with a resolution of the Directors on 28 September 2007.

The Company is limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Company are described in Note 4.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and on the basis of historical costs except for available-for-sale investments which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Statement of compliance

Except for the amendments to AASB 101 Presentation of Financial Statements, which the Company has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ending 30 June 2007.

These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company
AASB 2005-10	Amendments to Australian Accounting Standards [AASB132, AASB 101, AASB 114, AASB 117, AASB139, AASB1, AASB 4, AASB 1023 & AASB 1038]	Amendments arise from the release in August 2005 of AASB 7 *Financial Instruments: Disclosures.*	1 January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However, the amendments will result in changes to the financial instrument disclosures in the Company's financial report.	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 *Group and Treasury Share Transactions.*	1 March 2007	This is consistent with the Company's existing accounting policies for share-based payments so will have no impact.	1 July 2007

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company
AASB 2007-3	Amendments to Australian Accounting Standards AASB 8 [AASB5, AASB 6, AASB 102, AASB 107, AASB119, AASB127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 *Operating Segments.*	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However, the amendments will result in changes to the financial instrument disclosures in the Company's financial report.	1 July 2009
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments	The standard is a result of the AASB decision that, in principle, all accounting policy options currently existing in IFRS should be included in the Australian equivalents to IFRS and the additional Australian disclosures should be eliminated, other than those considered particularly relevant in the Australian reporting environment.	1 July 2007	As the Company does not anticipate changing any of its accounting policy choices as a result of the issue of AASB 2007-4 this standard will have no impact on the amounts included in the Company's financial statements. Changes to disclosure requirements will have no impact on the amounts included in the Company's financial statements. However the new standard may have an impact on the disclosures included in the Company's financial report.	1 July 2007
AASB 2007-7	Amendments to Australian Accounting Standards [AASB1, AASB 2, AASB 4, AASB 5, AASB107, & AASB 128]	Amending standard issued as a consequence of AASB 2007-4.	1 January 2007	Refer to AASB 2007-4 above.	1 July 2007
AASB 7	*Financial Instruments: Disclosures.*	New standard replacing disclosure requirements of AASB 132.	1 January 2007	Refer to AASB 2005-10 above.	1 July 2007
AASB 8	*Operating Segments*	This new standard will replace AASB 114 Segment Reporting and adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 July 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company
AASB 101 (revised October 2006)	Presentation of Financial Statements	Many of the disclosures from previous GAAP and all of the guidance from previous GAAP are not carried forward in the October 2006 version of AASB 101. The revised standard includes some text from IAS 1 that is not in the existing AASB 101 and has fewer additional Australian disclosure requirements than the existing AASB 101.	1 January 2007	AASB 101 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However, the revised standard may result in changes to the disclosures included in the Company's financial report.	1 July 2009
AASB Interpretation 11	*Group and Treasury Share Transactions*	Specifies that a share-based payment transaction in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity-settled.	1 January 2008	Refer to AASB2007-1 above.	1 July 2008

* Application date is for the annual reporting periods beginning on or after the date shown in the above table.

The financial report complies with Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

The following amendments are not applicable to the Company and therefore have no impact.

AASB Amendment	Affected Standard(s)
2007-2	*Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]*
2007-6	*Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116, & AASB 138 and Interpretations 1 & 12]*
123 (revised June 2007)	Borrowing Costs
Interpretation 10	*Interim Financial Reporting and Impairment*
Interpretation 12	*Service Concession Arrangements*
Interpretation 129 (revised June 2007)	*Service Concession Arrangements: Disclosures*
Interpretation 13	*Customer loyalty programs*
Interpretation 14	*The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction.*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment
The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognized in the income statement.

AASB 6 *Exploration for and Evaluation of Mineral Resources* has been applied from 1 July 2005 and the comparatives have been restated accordingly.

Costs incurred during exploration and evaluation activities related to an area of interest are accumulated at cost.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest, or alternatively its sale, or where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise economically recoverable reserves, and active operations are continuing.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Exploration and Evaluation Expenditure (continued)

Accumulated costs in relation to abandoned areas of interest are written off in full in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(d) Recoverable Amount

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(e) Property, Plant & Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 2 to 15 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication exists of impairment and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, Plant & Equipment (continued)

Derecognition

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise form the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognized.

(f) Income Tax

Current tax assets and liabilities for the current period and prior periods are measured at amounts expected to be recovered from or paid to the taxation authorities based on the current periods taxable income. The tax rates and tax laws used for computations are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognized directly in equity are recognized in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) GST

Revenues, expenses and assets are recognized net of the amount of GST except:

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

- 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(h) Provisions and employee benefits

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting form the passage of time is recognized in finance costs.

Employee leave benefits

i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognized in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Provisions and employee benefits (continued)

ii. Long service leave

The liability for long service leave is recognized and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(i) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectibles or trade receivables are reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt.

(k) Revenue recognition

Revenue is recognized and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods
Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest
Revenue is recognized as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company adjusted for:

- costs of servicing equity (other than dividends),
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
  divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(o) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Investments and other financial assets (continued)

All regular way purchases and sales of financial assets are recognized on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognized in profit or loss.

(ii) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognized in profit and loss when the investment are derecognized or impaired, as well as through the amortisation process.

(iii)Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognized in profit and loss when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

(iv)Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three proceeding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognized in profit and loss.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortization) and its current fair value, less any impairment loss previously recognized in profit and loss, is transferred form equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognized in profit. Reversals of impairment losses for debt instruments are reversed through profit and loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

(q) Interest in joint ventures

The Company has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves the use of assets and other resources of the venturers rather than establishment of a separate entity. The Company recognizes its interest in the jointly controlled operation by recognizing its interest in the assets and the liabilities of the joint venture. The Company also recognizes the expenses that it incurs and its share of the income that it earns from the sale of goods and services by the jointly controlled operation.

(r) Investment in associates

The Company's investment in its associates is accounted for using the equity method of accounting in the financial statements. The associates are entities over which the Company has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in the associates are carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associates. Goodwill if any relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Company determines whether it is necessary to recognize any impairment loss with respect to the Company's net investment in associates

The Company's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Company's share of the losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Company are identical and the associates accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Investment in associates

The Company's investment in its associates is accounted for using the equity method of accounting in the financial statements. The associates are entities over which the Company has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in the associates are carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associates. Goodwill if any relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Company determines whether it is necessary to recognize any impairment loss with respect to the Company's net investment in associates

The Company's share of its associates post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Company's share of the losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Company are identical and the associates accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

(t) Share-based payment transactions

The Company provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- the Employee Share Option Plan, which provides benefits to Directors and senior executives; and
- the Employee Share Loan Plan, which provides benefits to all employees, including key management personnel.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial model, further details of which are given in note 27.

In valuing equity-settled transactions, no account is taken to any vesting conditions, other than conditions linked to the price of the shares of the Company if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity on the date the equity right is granted.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share-based payment transactions (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share based arrangement, or is otherwise beneficial to the employee, as measured at the date of modification

In valuing equity-settled transactions, no account is taken to any vesting conditions, other than conditions linked to the price of the shares of the Company if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity on the date the equity right is granted.

If the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share based arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 8).

(u) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Significant accounting estimates and assumptions (continued)

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

NOTE 3: REVENUE AND EXPENSES

Revenue and Expenses from Continuing Operations

	Note	2007 $	2006 $
(a) Revenue			
Finance revenue:			
Interest received		161,982	54,797
		161,982	54,797
(b) Other income			
Profit on sale of available-for-sale investments		1,029,016	-
Net gain on disposal of tenement rights		1,500,000	-
Gain on sale of joint venture interest		800,000	-
		3,329,016	-
(c) Administration expenses			
Administration		618,532	457,806
Cost of share based payments		303,870	-
Depreciation		2,032	229
Wages and salaries		189,648	91,153
Superannuation		19,228	9,547
Annual leave provision		6,671	4,867
		1,139,981	563,602
(d) Finance costs			
Interest paid		166	25,009
		166	25,009
(e) Occupancy expenses			
Occupancy		47,893	12,970
		47,893	12,970
(f) Other expenses			
Marketing and development costs		-	536,000
		-	536,000

NOTE 4: SEGMENT INFORMATION

The Company operates primarily in the mineral exploration industry in Australia.

NOTE 5: INCOME TAX

	2007 $	2006 $
The major components of income tax expense are:		
Current income tax charge	1,068,955	(348,018)
Prior year current tax charge	(316,180)	-
Relating to origination and reversal of temporary differences	(323,120)	183,983
Deferred income tax charge now recognized	(219,255)	122,536
	210,400	(41,499)
Statement of recognized income and expense		
Deferred income tax relating to items charged or credited directly to equity		
Mark to Market on non-current investments	167,613	382,906
Capital raising costs charged to equity	(36,247)	(54,840)
	131,366	328,066
Unrecognized Deferred Tax Assets		
Tax Losses	-	219,255
	-	219,255
A reconciliation between tax expense and the production of accounting profit before tax multiplied by the Company's applicable tax rate is as follows		
Accounting profit before income tax	1,887,720	(1,082,784)
At the company's statutory tax rate (30%)	566,316	(324,835)
Non-deductible expenses	402	160,800
Employee share expenses	91,161	-
Over provision in prior years	(131,904)	-
Opening variance corrected	(96,320)	-
Prior year tax losses brought to account	(219,255)	122,536
	210,400	(41,499)

NOTE 5: INCOME TAX (continued)

	Balance Sheet		Income Statement	
	2007	2006	2007	2006
	$	$	$	$
Deferred tax liability				
Assets available for sale	(167,613)	(382,906)	-	-
Exploration	(644,002)	(301,636)	342,366	181,654
	(811,615)	(684,542)		
Deferred tax assets				
Accrued expenses	-	6,600	6,600	(465)
Fixed assets	2,650	-	(2,650)	-
Section 40-880	92,989	41,879	(14,863)	4,254
Provisions	3,461	1,460	(2,001)	(1,460)
Revenue taxed in advance	528,000	-	(528,000)	-
Revenue tax losses	-	348,019	-	-
Equity accounted investments	124,571	-	(124,571)	-
	751,671	397,958		
Net deferred tax liability	59,944	286,584		
			(323,119)	183,983

NOTE 6: DIRECTORS' AND EXECUTIVES' REMUNERATION

(a) Compensation practices

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Board has established a share plan and an option plan for Directors, employees and officers, in order to better align the Company's performance with the Directors' employees' and officers' remuneration.

(b) Details of Key Management Personnel

(i) Directors of Washington Resources Limited during the financial year are:

Adrian Griffin - Chairman and Managing Director
Grant Button - Non Executive Director
Scott Huntly - Non Executive Director
Robert Hair - Executive Director/Joint Company Secretary

(ii) Executives of Washington Resources Limited during the financial year are:

Andrew Nealon - Joint Company Secretary

NOTE 6: DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

(c) Compensation of Key Management Personnel

	2007 $	2006 $
Short-term employee benefits	259,363	113,572
Post-employment benefits	13,410	8,872
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	278,250	-
	551,023	122,444

The Company has applied the option under Corporations Amendment Regulation 2006 to transfer key management personnel remuneration disclosures required by AASB 124 Related Party Disclosures paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' report.

(d) Shareholdings

Number of Shares held by Directors

Directors	Balance 1-Jul-06	Received as Remuneration	Options Exercised	Net Change Other	Balance 30-Jun-07
Adrian Griffin	625,000	750,000	-	-	1,375,000
Grant Button	-	400,000	-	-	400,000
Scott Huntly	-	-	-	-	-
Robert Hair	30,000	500,000	-	-	530,000
	655,000	1,650,000	-	-	2,305,000

Number of Options held by Directors

Directors	Balance 1-Jul-06	Received as Remuneration	Options Exercised	Net Change Other	Balance 30-Jun-07
Adrian Griffin	865,793	-	-	-	865,793
Grant Button	365,793	-	-	-	365,793
Scott Huntly	365,793	400,000	-	-	765,793
Robert Hair	365,793	-	-		365,793
	1,963,172	400,000	-	-	2,363,172

NOTE 7: AUDITOR'S REMUNERATION

	2007 $	2006 $
Remuneration of the auditor of the Company for:		
-auditing or reviewing the financial report		
Ernst & Young	48,775	30,000
	48,775	30,000

NOTE 8: EARNINGS PER SHARE

	2007 $	2006 $
Basic profit/(loss) per share (cents per share)	3.30	(2.29)
Diluted profit/(loss) per share (cents per share)	3.30	(2.29)
Net profit/(loss)	1,677,320	(1,041,285)
Earnings used in calculating basic and diluted earnings per share	1,677,320	(1,041,285)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	50,815,326	45,383,326

During the year 432,000 listed options were exercised leaving 35,874,660 listed options outstanding at 30 June 2007. There were also 1,000,000 unlisted options outstanding at 30 June 2007 (note 18).

During the year ended 30 June 2006, 36,306,660 options to subscribe to ordinary shares were issued, 425,000 options were exercised and 5,000,000 options expired leaving 36,306,660 options outstanding at 30 June 2006 (note 18).

These options are not considered dilutive for the purpose of the calculation of diluted earnings per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share nor increase the net loss from continuing operations ordinary operations per share. Consequently, diluted earnings per share is the same as basic earnings per share.

NOTE 9: CASH AND CASH EQUIVALENTS

	2007 $	2006 $
Cash at bank	3,824,915	1,609,803
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash at bank	3,824,915	1,609,803

NOTE 10: RECEIVABLES

	2007	2006
	$	$
CURRENT		
Loan to Northern Uranium Ltd (i)	-	115,319
Sundry debtors	64,230	-
Non-trade debtors	46,848	15,678
	111,078	130,997

(i) The loan to Northern Uranium Limited, an associate, was repaid during the year. Interest was charged on this loan at the rate of 8% per annum. Total interest received was $7,786.

NOTE 11: AVAILABLE-FOR-SALE INVESTMENTS

CURRENT	2007	2006
	$	$
At fair value		
Investment in Sallies Limited - Listed	-	3,003,725
	-	3,003,725

NON-CURRENT	2007	2006
	$	$
At fair value		
Shares in listed companies	1,558,709	-
	1,558,709	-

Listed Shares
The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

NOTE 12: PLANT AND EQUIPMENT

	2007	2006
	$	$
Year ended 30 June 2007		
At 1 July 2006	2,496	-
Additions	11,935	2,725
Depreciation charge for the year	(1,289)	(229)
At 30 June 2007, carrying amount net of accumulated depreciation and impairment	13,142	2,496
At 30 June 2007		
Cost	14,660	2,725
Accumulated depreciation and impairment	(1,518)	(229)
Net carrying value	13,142	2,496

NOTE 13: INVESTMENT IN AN ASSOCIATE COMPANY

During the year the Company transferred all of its uranium interests in the Northern Territory to Northern Uranium Limited and was issued 10,000,000 shares by that Company. At 30 June 2007 the Company held 20.52% of the voting power and as such Northern Uranium Limited is deemed to be an associate Company. The Company also held 5,000,000 options in Northern Uranium Limited.

Movement in carrying amounts	2007 $	2006 $
Acquisition of investment	1,500,000	-
Options in associate	50,000	-
Share of losses in the period (i)	(415,238)	-
	1,134,762	-

(i) The Company's investment in the abovementioned associate was impaired during the year in the amount of $415,238. This amount was the share of the loss for the period.

(ii) The fair value of the investment in Northern Uranium Limited, assuming that the shares the Company holds in Northern Uranium were freely tradeable, is $14,420,000.

(iii) Summarized financial information

The following table illustrates summarized financial information relating to the Company's associate:

	2007	2006
Extract from the associates' balance sheet:	$	$
Current assets	7,788,007	-
Non-current assets	75,723	-
	7,863,730	-
Current liabilities	(186,519)	-
	(186,519)	-
Net assets	7,677,211	-
Share of associates' net assets	1,575,364	-
Extract from associates' income statement:		
Revenue	40,083	-
Net Loss	(2,043,495)	-
Share of the associates' loss accounted for using the equity method		
Net Loss	(415,238)	-

(iv) The Company has no commitments or contingent liabilities relating to it investment in an associate.

(v) The Company held 5,000,000 options in Northern Uranium Limited. 4,000,000 of these options were sold in July 2007 for consideration of $1,800,000.

NOTE 14: DEFERRED EXPLORATION AND EVALUATION COSTS

	2007 $	2006 $
NON-CURRENT		
Exploration, evaluation and development cost carried forward:		
- at cost	2,150,854	1,372,955
Movements in exploration, evaluation and development cost		
Beginning of the financial year	1,372,955	399,941
Exploration incurred during the year	777,899	973,014
End of the financial year	2,150,854	1,372,955

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependant upon the successful development and commercial exploitation or sale of the respective mining areas.

NOTE 15: TRADE AND OTHER PAYABLES

	2007 $	2006 $
CURRENT		
Unsecured liabilities		
Trade payables (i)	128,460	151,915
Accrued expenses	-	22,000
	128,460	173,915

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 16: PROVISIONS

	2007 $	2006 $
Employee benefits	11,538	4,867

NOTE 17: CONTRIBUTED EQUITY

	2007 $	2006 $
Ordinary shares fully paid	7,693,567	6,511,000

Effective 1 July 1998, the corporations legislation abolished the concepts of authorized capital and par value shares. Accordingly, the Company does not have authorized capital or par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

NOTE 17: CONTRIBUTED EQUITY (continued)

		2007 $	2007 Number	2006 $	2006 Number
Movements in ordinary shares on issue					
Beginning of the financial year		6,511,000	45,383,326	1,291,250	16,600,006
- shares issued to acquire exploration tenements	17(a)			67,500	500,000
- shares issued for marketing and development costs	17(b)			540,000	4,000,000
- shares issued under initial public offering	17(c)			3,000,000	15,000,000
- costs relating to public offering				(200,122)	-
- shares issued to acquire shares	17(d)			1,727,372	8,858,320
- shares issued upon the exercise of options	17(e)(f)	112,320	432,000	85,000	425,000
- shares issued to institutional investors	17(g)	1,100,000	5,000,000	-	-
- costs relating to institutional issue		(29,753)	-	-	-
End of the financial year		7,693,567	50,815,326	6,511,000	45,383,326

(a) During the previous year the Company issued 500,000 shares to acquire exploration tenements. The fair value of the shares issued was 13.5 cents per share.

(b) During the previous year the Company issued 4,000,000 shares for marketing and development costs. These shares were issued for 0.1 cent per share. The fair value of the shares was 13.5 cents per share.

(c) During the previous year the Company issued 15,000,000 shares in an initial public offering and thereby raised $3,000,000 at 20 cents per share.

(d) During the previous year the Company exercised its options to acquire shares in Johannesburg listed Company, Sallies Limited and issued 8,858,320 shares to the holders of those Sallies shares. The shares were issued at 19.5 cents per share.

(e) During the previous year the Company issued 425,000 shares upon exercise of 30 June 2006 options raising $85,000.

(f) The Company issued 432,000 shares upon the exercise of 28 February 2008 options raising $108,000. An amount of $4,320 was transferred from the option reserve relating to this share issue.

(g) The Company issued 5,000,000 shares to institutional investors raising $1,100,000.

NOTE 18: OPTIONS

	2007 No of Options	2006 No of Options
Options		
At year end the following options were on issue:		
-28 February 2008 Options exercisable at 25 cents per share	35,874,660	36,306,660
-31 May 2010 Options exercisable at 35 cents per share	1,000,000	-
Movements in 28 February 2008 Options		
Beginning of the financial year	36,306,660	-
Options issued during the year	-	36,306,660
Exercised during the year	(432,000)	-
End of the financial year	35,874,660	36,306,660
Movements in 31 May 2010 Options		
Beginning of the financial year	-	-
Options issued during the year	1,000,000	-
Exercised during the year	-	-
End of the financial year	1,000,000	-

NOTE 19: ACCUMULATED LOSSES

	2007 $	2006 $
Accumulated losses at the beginning of the financial year	(2,112,903)	(1,071,618)
Net profit/(loss) for the reporting period	1,677,320	(1,041,285)
Accumulated losses at the end of the financial year	(435,583)	(2,112,903)

NOTE 20: RESERVES

	2007	2006
	$	$
Net unrealized gain reserve	391,096	893,447
Employee benefits reserve	303,870	-
Option reserve	358,746	363,066
	1,053,712	1,256,513
Movements in net unrealized gain reserve		
Beginning of the financial year	893,447	-
Unrealized gain on available-for-sale investments	-	1,276,353
Tax effect of net gain on available-for-sale investments	-	(382,906)
Reversal of unrealized gain on available-for-sale investments	(1,276,353)	-
Reversal of tax effect of net gain on available-for-sale investments	382,906	-
Unrealized gain on investments	558,709	-
Tax effect of net gain on investments	(167,613)	
End of the financial year	391,096	893,447
Movements in Option Reserve		
Beginning of the financial year	363,066	-
36,306,660 options issued during the year at 1 cent each transferred to reserves	-	363,066
432,000 options exercised during the year and transferred to issued capital	(4,320)	-
End of the financial year	358,746	363,066
Movements in Employee Benefits Reserve		
Beginning of the financial year	-	-
Issue of 920,000 shares to employees and consultants	56,120	-
Issue of 1,150,000 shares to Directors	180,550	-
Grant of 400,000 options to Directors	67,200	-
End of the financial year	303,870	-

Nature and purpose of reserves

Net unrealized gains reserve
The reserve records fair value changes on available-for-sale investment.

Options reserve
This reserve is used to record the value of options issued.

Employee benefits reserve
This reserve records the value of share-based payments to employees and Directors of the Company.

NOTE 21: SHARE-BASED PAYMENT PLANS

(a) Recognized share-based payment expenses

The expense recognized for employee services received during the year is shown in the table below:

Expense arising from equity-settled share-based payment transactions	303,870	-

(b) Types of share-based payment plans

Employee Share Option Plan

Share options may be granted to be Directors, full time or part-time employees of, and consultants to, the Company. The granting of options is at the discretion of the Directors. The options will be issued free of charge and the exercise price is at the discretion of the Directors but may not be less then the weighted average price at which the Shares were traded on ASX during the 5 trading day period immediately before the date of granting of the options.

General Employee Share Option Plan

Shares in the Company may be issued to Directors, full time or part-time employees of, and consultants to, the Company. The issuing of shares is at the discretion of the Directors. The issue price is at the discretion of the Directors but may not be less then the weighted average price at which the Shares were traded on ASX during the 5 trading day period immediately before the date of issue of the shares. Loans will be extended to the participants in the share option plan. The shares issued under the Share Plan may not be transferred or otherwise dealt with, and will not be quoted on ASX, until any loan in respect of the shares has been repaid and a period of 12 months (in relation to one third of the shares offered), 24 months (in relation to another one third of the shares offered) and 36 months (in relation to the other one third of the shares offered) has passed from the date of issue.

(c) Summary of options granted under Employee Share Option Plan

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of and movements in share options during the year:

	2007 No.	2007 WAEP $
Outstanding at the beginning of the year	-	-
Granted during the year	400,000	0.25
Outstanding at the end of the year	400,000	0.25

(d) Summary of shares issued under General Employee Share Option Plan

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of and movements in share options during the year:

	2007 No.	2007 WAEP $
Outstanding at the beginning of the year	-	-
Granted during the year	2,075,000	0.25
Outstanding at the end of the year	2,075,000	0.25

NOTE 21: SHARE-BASED PAYMENT PLANS (continued)

(e) Weighted average remaining contractual life
The weighted average remaining contractual life for the share and share options as at 30 June 2007 is 2.38 years.

(f) Range of exercise price
The range of exercise prices for options outstanding at the end of the year was $0.25.

(g) Weighted average fair value
The weighted average fair value of options granted during the year was $0.12.

(h) Option and Share pricing model: Equity-settled transactions
The value of the shares and options issued was determined by a Binomial option valuation methodology which resulted in an amount of $303,870 being transferred to the employee benefits reserve and an amount of $303,870 being expensed as employee benefits. The material assumptions in valuing the shares and options are an exercise price of $0.25, a risk free interest rate of 6% and a volatility factor of 75%.

NOTE 22: COMMITMENTS

(i) The Company has certain obligations with respect to tenements and minimum expenditure requirements on areas, as follows:

	2007 $	2006 $
Within 1 year	577,000	907,000
1 to 2 years	605,000	952,000
Total	1,182,000	1,859,000

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

(ii) The Company has entered into a commercial property sub-lease. This lease is non-cancellable and has a remaining term of 19 months. The sub-lease includes a clause to enable upward revisions of the rental charge on an annual basis according to prevailing market conditions.

	2007 $	2006 $
Within 1 year	22,920	-
1 to 2 years	13,370	-
Total	36,290	-

NOTE 23: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2007.

NOTE 24: RELATED PARTY TRANSACTIONS

	2007	2006
	$	$

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year the following transactions were undertaken between the Company, executive officers and Director-related entities.

	2007	2006
Company secretarial fees were paid to Camcove Pty Ltd, a company of which Robert Hair is a director and shareholder.	86,363	115,064
Consulting fees were paid to Wiberforce Pty Ltd, a company of which Grant Button is a director and shareholder.	40,000	-

Loan funds were advanced to an associated company, Northern Uranium Limited. The aggregate amount of the loan was $340,318. The loan was repaid during the year and interest of $7,786 was also paid . The interest rate was 8%.

NOTE 25: CASH FLOW INFORMATION

	2007	2006
	$	$
Reconciliation of cash flow from operations with profit/(loss) from ordinary activities after income tax		
Profit/(loss) from ordinary activities after income tax	1,677,320	(1,041,285)
Non-cash flows in loss from ordinary activities		
Share based payments	303,870	536,000
Deferred tax credit on unrealized gain on available-for-sale financial assets	-	(382,906)
Deferred tax credit on share capital raising costs	-	54,823
Depreciation	1,289	229
Interest Received	(161,982)	(54,797)
Profit on sale of investments	(2,985,200)	-
Exploration expenditure carried forward	(883,143)	(864,206)
Changes in assets and liabilities		
Increase/(decrease) in provision for employee benefits	6,671	4,867
(Increase)/decrease in receivables	(31,169)	12,410
Increase/(decrease) in payables	37,286	11,923
Increase in income tax payable	281,823	-
Increase in deferred tax liability	-	286,584
Cash flows from operations	(1,753,235)	(1,436,358)

NOTE 26: FAIR VALUE AND INTEREST RATE RISK

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the entity's policy not to trade in financial instruments.

The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarized below:

Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total
	%	$	$	$	$
2007					
Financial Assets					
Cash	4.50%	3,824,915	-	-	3,824,915
Receivables		-	-	111,078	111,078
Total Financial Assets		3,824,915	-	111,078	3,935,993
Financial Liabilities					
Trade creditors		-	-	128,459	128,459
Total Financial Liabilities		-	-	128,459	128,459
2006					
Financial Assets					
Cash	4.15%	1,574,154	-	35,649	1,609,803
Receivables		-	-	130,997	130,997
Total Financial Assets		1,574,154	-	166,646	1,740,800
Financial Liabilities					
Trade creditors		-	-	151,915	151,915
Accrued expenses		-	-	22,000	22,000
Total Financial Liabilities		-	-	173,915	173,915

Fair value approximates the carrying value of the financial assets

NOTE 27: SUBSEQUENT EVENTS

On 16 July, the Company received the proceeds of $1,800,000 for the sale of 4,000,000 Northern Uranium Limited options. The profit on sale of the options was $1,760,000.

NOTE 28: JOINT VENTURES

The Company has entered into a joint venture with a third party. The third party is responsible for all expenditure relating to the venture. This will result in the third party gaining equity in the joint venture. Under the terms of the joint venture agreement, the third party may, by sole funding the joint venture activities, earn 1.2% equity in the joint venture for every $10,000 spent. The sole funding provision will allow the third party to increase its equity in the joint venture to a maximum of 80%, at which time the Company must contribute or be diluted.

The Company retains the sole rights to all commodities other than iron ore, and the third party will not earn any direct equity in the tenements. The Company will continue to focus on the base and precious metal potential of ELA70/2719 and ELA70/2720. The joint venture's activities are subject to relevant landholder approvals. As the third party is responsible for sole funding the Company does not have a share of joint venture assets or liabilities. The Company has no commitments relating to the joint venture. The Company sold its interest in this joint venture during the year. The consideration for its interests was 4,000,000 Reedy Lagoon Corporation Limited shares which had a fair value of $800,000.

ERNST & YOUNG

The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

Independent auditor's report to the members of Washington Resources Limited

We have audited the accompanying financial report of Washington Resources Limited which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("remuneration disclosures"), under the heading "Remuneration Report" on pages 11 to 16 of the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of Washington Resources Limited is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of Washington Resources Limited at 30 June 2007 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

3. the remuneration disclosures that are contained on pages 11 to 16 of the directors' report comply with Accounting Standard AASB 124 Related Party Disclosures.

Ernst & Young

Robert Kirkby
Partner
Perth
28 September 2007

ERNST & YOUNG

The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

Auditor's Independence Declaration to the Directors of Washington Resources Limited

In relation to our audit of the financial report of Washington Resources Limited for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Robert Kirkby
Partner
Perth
28 September 2007

RK:MJ:WASHINGTON:012

WASHINGTON RESOURCES LIMITED
CORPORATE GOVERNANCE

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of Washington Resources Limited ("Washington" or the "Company"). The Board of Directors (the "Board") supports a system of corporate governance to ensure that the management of Washington is conducted to maximise shareholder wealth in a proper and ethical manner.

ASX Corporate Governance Council Recommendations

On 31 March 2003, the ASX Corporate Governance Council released its Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles"). The ASX Principles, in conjunction with the ASX Listing Rules, require companies to disclose in their annual reports whether their corporate governance practices follow the ASX Principles on an "if not, why not" basis.

In accordance with the ASX Principles, the Corporate Governance Statement must now, among other things, disclose the extent to which the guidelines have been followed during the period. Unless disclosed below, all ASX Principles have been applied for the entire financial year ended 30 June 2007.

ASX Principle 2.2 requires that the chairperson of a listed entity should be an independent director. ASX Principle 2.3 requires that the roles of chairperson and chief executive officer should not be exercised by the same person. During the year, the Company did not meet these criteria, as the roles of Chairman and Managing Director are held by the one person, who is an executive of the Company. The Board has reviewed this situation during the past financial year, including by investigating the availability of suitable personnel available and the consequential expense to the Company of such personnel and has determined that Washington's activities do not, at this point, warrant such additional expense. If the criteria are not met by the end of the current financial year, the Board will again publish its reasons for not meeting them.

ASX Principle 2.4 requires listed entities to establish a nomination committee. During the year, the Company did not have a separately established nomination committee. Given the current size of the Board, the Board considers that this function is efficiently achieved with full Board support, in accordance with the guidelines set out in the Board's charter.

ASX Principles 3.1 and 3.2 require the Company to make available a summary of the Company's Code of Conduct and its Trading Policy and suggests that these should be posted on the Company's website. These policies are posted on the Company's website.

ASX Principle 4.1 and 7.2 requires the chief executive officer (or equivalent) and chief financial officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards and founded on a sound system of risk management, internal compliance and control systems. The Board currently receives financial information and reports from the Chairman and Managing Director and personnel responsible for the preparation of financial reports and as such is satisfied that the accounts reflect the matters required under ASX Principle 4.1.

Pursuant to ASX Principle 5.2, the Company has a copy of the Company's Continuous Disclosure Policy available publicly on the Company's website.

ASX Principle 6.1 requires that the Company also makes available publicly a copy of its communications strategy. A copy of the Company's Communications with Shareholders Policy is on the Company's website.

WASHINGTON RESOURCES LIMITED
CORPORATE GOVERNANCE

ASX Principle 7.3 requires the Company publicly to disclose a description of the Company's risk management policy and internal compliance and control system. These disclosures are on the Company's website.

ASX Principle 9.2 states that the Board should establish a remuneration committee. During the year, the Company did not have a separately established remuneration committee. Given the number of Directors on the Board and the size of the Company, the Board considers that this function can efficiently be performed with full Board participation.

ASX Principle 10.1 requires the Company publicly to disclose its code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. The Code of Conduct is on the Company's website.

In relation to the above, the Company believes it has implemented suitable practices and procedures in respect of Corporate Governance considering the size of the Board and the size and maturity of the Company. The Board wishes to acknowledge that nothing has come to its attention which would lead the Board to conclude that its current practices and procedures are not appropriate for an organisation of this size and maturity.

Roles of the Board and Management

The Board considers that the essential responsibility of the Directors is to oversee Washington's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value.

The Board has a Charter, which clearly establishes the relationship between the Board and management and describes their functions and responsibilities.

The key responsibilities of the Board include to:

- Appoint and review the performance of the Chairman and Managing Director and management;
- Develop with management and approve strategy, planning, exploration programs and major capital expenditure;
- Arrange for effective budgeting and financial supervision;
- Ensure that appropriate audit arrangements are in place;
- Ensure that effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately; and
- Report to shareholders.

The Board is responsible to shareholders for Washington's strategic direction, and the execution of the Company's overall objective, which is to increase long-term shareholder value. The size of the Board reflects the modest size of the Company, its business plans, and the scale of its operations as an early stage exploration/mining company. Only the Directors have the capacity to bind the Company.

Board Structure

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board must comprise at least 3 Directors, increasing where additional expertise is considered desirable in certain areas;
- The Board should not comprise a majority of executive Directors; and
- Directors should bring characteristics which allow a mix of qualifications, skills and experience both nationally and internationally.

The Company's Board meets the above criteria.

The terms and conditions of the appointment and retirement of Directors will be set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

The Chairman and Managing Director reviews the performance of all Directors each year.

Director Independence

Directors are expected to bring independent views and judgement to the Board's deliberations. In response to the ASX Principles, the revised Board Charter requires the board to include a majority of non-executive independent Directors, a non-executive independent Chairman and to have different persons filling the roles of Chairman and Chief Executive Officer. The Company does not currently meet these criteria, as the roles of Chairman and Managing Director are held by the one person. The Board has reviewed this situation during the past financial year, including by investigating the availability of suitable personnel available and the consequential expense to the Company of such personnel and has determined that Washington's activities do not, at this point, warrant such additional expense. If the criteria are not met by the end of the current financial year, the Board will again publish its reasons for not meeting them.

In considering whether a Director is independent, the Board has had regard to the independence criteria in ASX Principle 2 and other facts, information and circumstances that the Board considers material.

Meetings of the Board

The Board meets at least six times a year to consider the business of Washington, its financial performance and other operational issues.

Retirement and Re-election

The Constitution of the Company requires one third of the Directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board are required to retire from office at the next Annual General Meeting and are not taken into account in determining the number of Directors to retire at that Annual General Meeting. Directors cannot hold office for a period in excess of three years or later than the third Annual General Meeting following without submitting themselves for re-election. Retiring Directors are eligible for re-election by shareholders.

When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates, with relevant qualifications, skills and experience. External advisers may be used to assist in such a process.

The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

Nominations and appointment of new Directors

Recommendations of candidates for new Directors are made by the Board as a whole.

Review of Performance

The Board reviews its performance and composition on an annual basis to ensure that it has the appropriate mix of expertise and experience. Given the size and nature of the Company's activities the Board reviews the performance of Directors and the composition of the Board, at regular intervals during the year.

Directors' Remuneration

The remuneration of non-executive Directors is different from that of executives. Executive Directors receive a salary and may receive other benefits.

Non-executive Directors receive a set fee per annum, in addition to their statutory superannuation entitlements, and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties. When reviewing Directors' fees, the Board takes into account any changes in the size and scope of Washington activities.

The Board will review the remuneration and policies applicable to all Directors on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior executives. Where necessary the Board will obtain independent advice and the appropriateness of remuneration packages.

The structure and disclosure of the Company's remuneration policies for Directors and senior executives are set out in the Directors' report.

Board Access to Information

All Directors have unrestricted access to all employees of the group and, subject to the law, access to all Company records and information held by employees and external advisers. The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties.

Each Director may, with the prior written approval of the Chairman and Managing Director, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

Board Committees

The Board, where appropriate, may establish a number of committees to assist in carrying out its responsibilities in an effective and efficient manner.

The Board has established an Audit and Compliance Committee to assist the Board in the discharge of its responsibilities and is governed by the Audit and Compliance Committee Charter, as approved by the Board.

Audit and Compliance Committee

The Board has an Audit and Compliance Committee. The Committee monitors control policies and procedures designed to safeguard Company assets and to maintain the integrity of financial reporting.

The role of the Committee is to provide a direct link between the Board and the external auditors.

It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in financial statements.

The responsibilities of the Audit and Compliance Committee include:

- Monitoring compliance with regulatory requirements;
- Improving the quality of the accounting function;
- Reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management; and
- Liaising with external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Audit and Compliance reviews the performance of the external auditors on an annual basis and meet with them at least twice during the year. Nomination of auditors will be at the discretion of the Committee.

The members of the Audit and Compliance Committee at the date of this report are:

Mark Burchnall (Director)
Grant Button (Director)
Bob Hair (Director)

Due to the size of the Company's operations and board it is it is not practicable to maintain an audit committee comprising of only non-executives Directors.

The Audit and Compliance Committee also meets with and receives reports from the external auditors concerning any matters which arise in connection with the performance of their respective roles, including the adequate of internal controls.

Audit Process

As part of the Company's commitment to safeguarding integrity in financial reporting, Washington's accounts are subject to annual audit by an independent, professional auditor, who also reviews the half-yearly accounts.

The Auditor attends, and is available to answer questions at, the Company's annual general meetings.

Auditor Independence

The Company has implemented procedures to monitor the independence and competence of the Company's external auditors. Details of the amounts paid for both work and non-audit services are set out in this annual report.

The Board requires that adequate hand-overs occur in the year prior to rotation of an audit partner to ensure an efficient and effective audit under the new partner.

Business Risks

The Company is committed to the identification, monitoring and management of risks associated with its business activities and has embedded in its management and reporting systems a number of risk management controls. The Board is charged with implementing appropriate risk management systems within Washington as reported to it by management.

The Board monitors and receives advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

Specific areas of risk to be regularly considered at Board meetings include competition, intellectual property, changes in government regulation, technology changes, and human resources, integrity of data, statutory compliance and continuous disclosure obligations.

Share Trading

Under the Company's share trading policy, all employees and Directors of the Company and its related companies are prohibited from trading in the Company's shares or other securities if they are in possession of "inside information". Subject to this condition and in light of the ASX's continuous disclosure requirements, trading can occur at any time but subject to conditions surrounding periods prior to the publication of financial results.

In addition, in order to trade, Directors of the Company must advise the Chairman and Managing Director of their intention to trade and must also have been advised by the Chairman and Managing Director that there is no known reason to preclude them to trading in the Company's shares or other securities.

Continuous Disclosure

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Stock Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communications black-out periods and review of briefings and communications. The policy is reviewed periodically and updated as required.

The Company Secretaries have responsibility for overseeing and coordinating disclosure of information to the Australian Stock Exchange. The Company Secretaries also liaise with the Chairman and Managing Director in relation to continuous disclosure matters. The Chairman and Managing Director is responsible for overseeing and coordinating disclosure of information to analysts, brokers and shareholders.

Ethical Standards

All Directors, executives and employees are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Communications with Shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting Washington. Information is communicated to shareholders through the distribution of annual reports; and presentation to shareholders at the Annual General Meeting, which they are encouraged to attend.

In addition, all reports, including quarterly reports and releases made by Washington throughout the year with respect to its activities are distributed widely via the Australian Stock Exchange and are posted on the Company's website.

WASHINGTON RESOURCES LIMITED
ADDITIONAL ASX INFORMATION

The Company's interests in mining and exploration tenements are set out in Table 1.

Substantial shareholder notices that have been received by the Company are set out in Table 2. Distribution schedules of shareholders and statements of voting rights are set out in Table 3, whilst the Company's top twenty shareholders are shown in Table 4. Restriction agreements apply to 11,286,942 shares, which are restricted until 17 November 2007. The Company's top 20 option holders are shown in Table 5.

Table 1

Washington Tenement Interests

PROJECT NAME	TEN. NUMBER	LOCATION	BENEFICIAL INTEREST	STATUS	APPROX AREA
Yarrawindah Brook	E70/2301	WA	80%	Granted	4,362 Ha
Bindi Bindi	E70/2579	WA	80%	Granted	8,557 Ha
Ashworth	E70/2718	WA	100%	Granted	14,270 Ha
Mortlock	E70/2719 I	WA	100%	Granted	13,444 Ha
Newleyine	E70/2720 I	WA	100%	Granted	14,899 Ha
Toodyay	E70/2853	WA	100%	Granted	3,797 Ha
Yarrawindah Brook	E70/2914	WA	100%	Application	2,642 Ha
Yarrawindah Brook	E70/2923	WA	100%	Application	11,456 Ha
Yarrawindah Brook	E70/2924	WA	100%	Granted	294 Ha
Yarrawindah Brook	E70/2925	WA	100%	Granted	294 Ha
Bindi Bindi	E70/2985	WA	100%	Application	4,718 Ha
York	E70/3056	WA	100%	Application	29,420 Ha
Yarrawindah Brook	E70/3080	WA	80%	Application	4,404 Ha
Yarrawindah Brook	M70/1263	WA	80%	Application	953Ha
Yarrawindah Brook	M70/1264	WA	80%	Application	977Ha
Yarrawindah Brook	M70/1265	WA	80%	Application	907Ha
Yarrawindah Brook	M70/1266	WA	80%	Application	907Ha
Yarrawindah Brook	M70/1267	WA	80%	Application	903Ha
Mooloogool	E51/1059	WA	20%	Granted	216.17 km2
Mooloogool	E51/1061	WA	20%	Granted	49.36 km2
Mooloogool	E51/1112	WA	20%	Granted	46.29 km2

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.
** Subject to the rights of Northern Uranium Limited in respect of uranium interests.*

Table 2
Substantial Shareholder Notices

Holder of relevant interest	*Nature of interest*	*Number and percentage*
GLG Partners LP	Registered holder	3,900,000 (8.59%)

Table 3
Shareholder spread

Ordinary shares, with right to attend meetings and vote personally or by proxy, through show of hands and, if required, by ballot (one vote for each share)

1-1,000	23
1,001-5,000	63
5,001-10,000	154
10,001-100,000	191
100,001 - and over	37
Total holders of ordinary shares	468
Total number of ordinary shares	53,085,326

Options, with no right to attend meetings or vote personally or by proxy

1-1,000	1
1,001-5,000	7
5,001-10,000	119
10,001-100,000	95
100,001 - and over	39
Total holders of option holders	261
Total number of options	35,674,660

Table 4
Top twenty shareholders

Shareholder	*Number of shares*	*Percentage*
1. BLACKMORT NOMINEES PTY LTD	8,828,154	16.68%
2. CITICORP NOMINEES PTY LTD	5,472,369	10.31%
3. ELEGANT GLOBAL LIMITED	4,000,000	7.54%
4. MR SCOTT W WILSON & MS MARIA A WILSON	3,450,000	6.50%
5. MR NORMAN SYDNEY MCCLEARY	3,274,442	6.17%
6. ANZ NOMINEES	3,258,760	6.14%
7. SYLVANIA RESOURCES LIMITED	2,000,000	3.77%
8. MR ADRIAN GRIFFIN	1,375,000	2.59%
9. CHRISTOPHER ROBERT ROGERSON MONDBURY	1,000,000	1.88%
10. ZERO NOMINEES PTY LTD	1,000,000	1.88%
11. PENALLY MANAGEMENT LIMITED	908,533	1.71%
12. MERRILL PROFITS LIMITED	783,000	1.47%
13. ZAMBIA GLOBAL INC	775,371	1.46%
14. BLACKMORT NOMINEES PTY LTD	650,000	1.22%
15. HSBC CUSTODY NOMINEES PTY LTD	530,000	1.00%
16. MR ROBERT WILLIAM HAIR	510,000	0.96%
17. COLTRANGE PTY LTD	470,000	0.89%
18. MR GRANT MICHAEL BUTTON	400,000	0.75%
19. CIMB-GK SECURITIES PTY LTD	400,000	0.75%
20. COVICTORY (CIL) AUSTRALIA PTY LTD	400,000	0.75%

Table 5
Top twenty option holders

Option holder	*Number of options*	*Percentage*
1. BLACKMORT NOMINEES PTY LTD	7,373,809	20.67%
2. ELEGANT GLOBAL LIMITED	3,200,000	8.97%
3. MR SCOTT W WILSON & MS MARIA A WILSON	3,000,000	8.41%
4. VOGUE OVERSEAS	2,433,000	6.82%
5. ANZ NOMINEES LIMITED CASH INCOME A/C	2,243,792	6.29%
6. SYLVANIA RESOURCES LIMITED	1,600,000	4.48%
7. MR ADRIAN GRIFFIN	865,793	2.43%
8. MR MERRILL PROFITS LIMTIED	808,000	2.26%
9. APOLLINAX INC	806,702	2.26%
10. ZERO NOMINEES PTY LTD	800,000	2.24%
11. PENALLY MANAGEMENT LIMITED	726,826	2.04%
12. ZAMBIA GLOBAL INC	620,296	1.73%
13. MRS KATHRYN MAGARET EVANS	592,331	1.66%
14. COVICTORY (CIL) AUSTRALIA PTY LTD	520,000	1.46%
15. BLACKMORT NOMINEES PTY LTD	440,000	1.23%
16. EVAN KIRBY	373,793	1.05%
17. BREDIE TRADING PTY LTD	365,793	1.03%
18. MR SCOTT HUNTLY	365,793	1.03%
19. WILBERFORCE PTY LTD	365,793	1.03%
20. CAMCOVE PTY LTD	365,793	1.03%

WASHINGTON RESOURCES LIMITED
ACN 097 532 137

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting:	Friday, 23 November 2007
Time of Meeting:	10.00 am (DST)
Place of Meeting:	Wandu Room, Holiday Inn City Centre 778-788 Hay Street Perth WA 6000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

WASHINGTON RESOURCES LIMITED

ACN 097 532 137

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of shareholders of Washington Resources Limited ACN 097 532 137 ("Washington" or "Company") will be held at the Wandu Room, Holiday Inn City Centre, 778-788 Hay Street, Perth WA 6000 at 10:00am (DST) on Friday 23 November 2007.

The Explanatory Memorandum that accompanies and forms part of this Notice of Annual General Meeting describes the various matters to be considered and contains a glossary of defined terms for terms that are not defined in full in this Notice of Meeting.

AGENDA

FINANCIAL STATEMENTS AND REPORTS

To receive the financial statements, Directors' report and auditor's report for the Company for the period ended 30 June 2007.

RESOLUTIONS

1. Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"*That the remuneration report for the Company for the year ended 30 June 2007 be adopted.*"

The vote on this resolution is advisory only and does not bind the directors or the Company.

2. Re-election of Grant Button as a director

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"*That Mr Grant Button, who retires by rotation in accordance with the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director.*"

3. Election of Bob Hair as a director

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"*That Mr Bob Hair, having been appointed as a Director under the Company's Constitution by resolution of the Board of Directors, and being eligible, offers himself for election, be elected as a Director of the Company.*"

4. Election of Melissa Sturgess as a director

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"*That Ms Melissa Sturgess, having been appointed as a Director under the Company's Constitution by resolution of the Board of Directors, and being eligible, offers herself for election, be elected as a Director of the Company.*"

5. Election of Mark Burchnall as a director

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"*That Mr Mark Burchnall, having been appointed as a Director under the Company's Constitution by resolution of the Board of Directors, being eligible, offers himself for election, be elected as a Director of the Company.*"

6. Ratification of Share placement to GLG Partners LP

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"*That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders hereby ratify the issue on 14 June 2007 of 5,000,000 Shares to GLG Partners LP, on the terms and conditions set out in the Explanatory Memorandum.*"

The Company will disregard any votes cast on this resolution by a person who participated in the issue or an associate or associates of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Ratification of grant of Options to Zenix Nominees Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"*That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders hereby ratify the grant on 27 June 2007 of 1,000,000 Options to Zenix Nominees Pty Ltd, on the terms and conditions set out in the Explanatory Memorandum.*"

The Company will disregard any votes cast on this resolution by a person who participated in the issue or an associate or associates of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Issue of Shares to Melissa Sturgess under the Washington Resources Limited Share Plan

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"*That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorize the issue of up to 500,000 Shares at an issue price of $0.265 per Share to Melissa Sturgess in accordance with the Washington Resources Limited Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum.*"

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to Washington) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Issue of Shares to Mark Burchnall under the Washington Resources Limited Share Plan

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"*That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorize the issue of up to 500,000 Shares at an issue price of $0.265 per Share to Mark Burchnall in accordance with the Washington Resources Limited Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum.*"

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to Washington) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

10. Increase in Maximum Fees Payable to Non-Executive Directors

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"*That, for the purposes of clause 11.15 of the Company's constitution and of Listing Rule 10.17 and for all other purposes, Shareholders approve and authorize an increase in fees payable to the directors of the Company as a whole from $100,000 to $150,000.*"

The Company will disregard any votes cast on this resolution by a director of the Company and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD

Mark Burchnall
Director
Dated: 5 October 2007

WASHINGTON RESOURCES LIMITED

ACN 097 532 137

PROXY FORM

Washington Resources Limited, 98 Colin Street, West Perth WA 6005, Facsimile +61 8 9324 2977

I/We ____

of ____

being a shareholder/(s) of Washington Resources Limited ("**Company**") and entitled to

_____________________________ shares in the Company

hereby appoint ____

of ____

or failing him/her/it ____

of ____

or failing him/her/it the Chairman as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at the Wandu Room, Holiday Inn, 788 Hay Street, Perth, Western Australia on Friday, 23 November 2007 at 10.00 am and at any adjournment thereof in respect of _________________________ of my/our shares or, failing any number being specified, **ALL** of my/our shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [   ]%. (An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a resolution, the proxy may abstain or vote at his/her/its discretion.

In relation to undirected proxies, the Chairman intends to vote in favour of all of the Resolutions.

If you do not wish to direct your proxy how to vote, please place a mark in the box. ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of a resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

I/we direct my/our proxy to vote as indicated overleaf:

RESOLUTION		FOR	AGAINST	ABSTAIN
1.	Adoption of remuneration report	☐	☐	☐
2.	Re-election of Grant Button as a director	☐	☐	☐
3.	Election of Bob Hair as a director	☐	☐	☐
4.	Election of Melissa Sturgess as a director	☐	☐	☐
5.	Election of Mark Burchnall as a director	☐	☐	☐
6.	Ratification of Share placement to GLG Partners LP	☐	☐	☐
7.	Ratification of grant of Options to Zenix Nominees Pty Ltd	☐	☐	☐
8.	Issue of Shares to Melissa Sturgess	☐	☐	☐
9.	Issue of Shares to Mark Burchnall	☐	☐	☐
10.	Increase in maximum fees payable to Non-Executive Directors	☐	☐	☐

As witness my/our hand/s this day of 2007

If a natural person:

SIGNED by)
)

____

in the presence of:

____
Witness

____
Name (Printed)

If a company:

EXECUTED by)
in accordance with its)
constitution)

_________________ _________________
Director Director/Secretary

_________________ _________________
Name (Printed) Name (Printed)

If by power of attorney:

SIGNED for and on behalf of)
by)
under a Power of Attorney dated)
and who declares that he/she has not received)
any revocation of such Power of Attorney in the presence)
of :)

______________________ ________________________
Signature of Attorney Signature of Witness

PROXY AND VOTING ENTITLEMENT INSTRUCTIONS

PROXY INSTRUCTIONS

Shareholders are entitled to appoint up to two individuals or bodies corporate to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the registered office of **Washington Resources Limited at 98 Colin Street, West Perth WA 6005, facsimile number +61 8 9324 2977,** not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a shareholder of Washington Resources Limited.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the Shares at 7.00pm on Wednesday, 21 November 2007. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

WASHINGTON RESOURCES LIMITED
ACN 097 532 137

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Washington Resources Limited ("**Company**" or "**Washington**") in connection with the business to be conducted at an Annual General Meeting of shareholders to be held at the Wandu Room, Holiday Inn, 788 Hay Street, Perth, Western Australia on Friday, 23 November 2007 at 10.00 am (DST).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

1. Financial statements, Directors' report and declaration and audit report

During this item there will be an opportunity for shareholders to ask questions and comment on the financial report, Directors' report, Directors' declaration and audit report for the year ended 30 June 2007. No resolution will be required to be passed on this matter.

2. Resolution 1 – Adoption of Remuneration Report

The remuneration report of the Company for the financial year ended 30 June 2007 is set out on pages 11-16 of the Company's 2007 annual report.

Pursuant to the Corporations Act, a resolution that the remuneration report to be adopted must be put to vote at the Company's annual general meeting. The vote on this resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

3. Resolution 2 - Re-election of director

It is a requirement under the Company's constitution that Mr Grant Button retire by rotation at the Annual General Meeting. Mr Button, being eligible for re-election pursuant to the Company's constitution, offers himself for re-election.

The remaining directors recommend to shareholders that Mr Button be re-elected.

4. Resolution 3 - Election of director

The Company's Constitution and the Corporations Act require that any Director appointed by the Directors holds office only until the next Annual General Meeting and is then eligible for re-election.

Mr Hair was appointed as a Director of the Company on 7 March 2007 by resolution of the Board of Directors and being eligible, has offered himself for re-election as a Director.

5. Resolution 4 - Election of director

The Company's Constitution and the Corporations Act require that any Director appointed by the Directors holds office only until the next Annual General Meeting and is then eligible for re-election.

Ms Sturgess was appointed as a Director of the Company on 27 August 2007 by resolution of the Board of Directors and being eligible, has offered herself for re-election as a Director.

6. Resolution 5 - Election of director

The Company's Constitution and the Corporations Act require that any Director appointed by the Directors holds office only until the next Annual General Meeting and is then eligible for re-election.

Mr Burchnall was appointed as a Director of the Company on 27 August 2007 by resolution of the Board of Directors and being eligible, has offered himself for re-election as a Director.

7. Resolution 6 – Ratification of Share placement

The purpose of Resolution 6 is to ratify the issue of 5,000,000 Shares to GLG Partners LP.

On 14 June 2007, the Company issued a total of 5,000,000 Shares at $0.22 per Share to GLG Partners LP. The Shares were issued on the same terms and conditions as the Company's existing Shares.

The Directors are restricted by Listing Rule 7.1 from issuing new securities in the Company which would dilute the interests of existing Shareholders, to a maximum of 15% of the issued capital of the Company in any 12 month period ("**15% limit**") without Shareholder approval.

Listing Rule 7.4 allows Directors to seek approval of the Shareholders to an issue of securities after the issue has been made without approval under Listing Rule 7.1, provided the issue did not breach Listing Rule 7.1.

The issue of Shares described in Resolution 6 was made without Shareholder approval as the issue did not exceed the 15% limit. The Directors now seek Shareholder approval of the issue pursuant to Listing Rule 7.4.

Set out below is the information that is required to be disclosed for the purposes of Listing Rule 7.5.

(a) The number of Shares allotted was 5,000,000.

(b) The Shares were issued at a price of $0.22 per Share, for a total of $1,100,000.

(c) The 5,000,000 Shares rank equally in all respects with the Company's existing Shares.

(d) The allottee was GLG Partners LP.

(e) The funds raised pursuant to the issue of these Shares were added to working capital.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

8. Resolution 7 – Ratification of grant of Options

The purpose of Resolution 7 is to ratify the grant of 1,000,000 Options to Zinex Nominees Pty Ltd.

On 27 June 2007, the Company granted a total of 1,000,000 Options to Zinex Nominees Pty Ltd. The Options expire on 31 May 2010, and the exercise price per Option is $0.35.

The Directors are restricted by Listing Rule 7.1 from issuing new securities in the Company which would dilute the interests of existing Shareholders, to a maximum of 15% of the issued capital of the Company in any 12 month period (“**15% limit**”) without Shareholder approval.

Listing Rule 7.4 allows Directors to seek approval of the Shareholders to an issue of securities after the issue has been made without approval under Listing Rule 7.1, provided the issue did not breach Listing Rule 7.1.

The grant of Options described in Resolution 7 was made without Shareholder approval as the grant did not exceed the 15% limit. The Directors now seek Shareholder approval of the grant pursuant to Listing Rule 7.4.

Set out below is the information that is required to be disclosed for the purposes of Listing Rule 7.5.

(a) The number of Options allotted was 1,000,000.

(b) The Options were granted in consideration of services provided by Hartleys Limited pursuant to a mandate agreement between Hartleys and the Company.

(c) The exercise price is $0.35 per Option, and the expiry date for each Option is 31 May 2010.

(d) The name of the allottee of the Options is Zinex Nominees Pty Ltd.

(e) No funds were raised by the grant of the Options pursuant to Resolution 7. However, when the Options are exercised, the funds raised from the issue of the Shares will be applied for working capital purposes, as the Board thinks fit.

The full terms and conditions of the Options are set out in Schedule 1 to this Explanatory Memorandum.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

9. Resolutions 8 and 9 – Issue of securities to directors

9.1 Details of Offers

The Company proposes to issue Plan Shares to two directors of the Company, Melissa Sturgess and Mark Burchnall, in accordance with the terms of the Share Plan.

The proposed issue of Plan Shares to the Recipient Directors is intended to:

(a) provide an appropriate and adequate incentive for the Recipient Directors;

(b) ensure that the Company may retain the services of the Recipient Directors; and

(c) reinforce the commitment of the Recipient Directors to the Company.

The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company's circumstances and goals.

The Recipient Directors will only benefit from an issue of Shares under the Share Plan when there is an improvement in the Company's share price since the date on which they are offered the Plan Shares.

Resolutions 8 and 9 seek shareholder approval for the issue of Plan Shares to the Recipient Directors as follows:

Name of director	Number of Shares
Melissa Sturgess	**500,000**
Mark Burchnall	**500,000**

The number of Plan Shares proposed to be issued to the Recipient Directors reflects the level of commitment provided or to be provided by each Director to the Company, taking into account the responsibilities of each Director and the time commitments required from each Director. The number of Plan Shares proposed to be issued or granted to the current Recipient Directors also reflects the value the Board feels that each Director brings to the enhancement of the Company and the level of commitment required by the Company from each Director.

The issue price of the Shares offered to Directors under the Share Plan is $0.265, being greater than the weighted average price of shares on ASX during the 5 day trading period immediately before 25 September 2007, the date of the offer, which was $0.263.

Each of the Plan Shares acquired pursuant to the offer may not be transferred or otherwise dealt with, and will not be quoted on ASX, until the later of the following to occur:

(a) any loan in respect of the Plan Share is repaid; and

(b) in respect of:

- (i) one-third of the Plan Shares issued under the offer, 12 months after the date of issue of the Shares; and
- (ii) another one-third of the Plan Shares issued under the offer, 24 months after the date of issue of the Shares; and
- (iii) the remaining one-third of the Plan Shares issued under the offer, 36 months after the date of issue of the Shares.

Notwithstanding the above, Shares acquired under the Share Plan may be transferred following an announcement by the Company of a takeover bid for Shares in the Company in accordance with Chapter 6 of the Corporations Act or a merger by scheme of arrangement in accordance with Part 5.1 of the Corporations Act, provided that the loan in respect of the Plan Shares is repaid.

The Plan Shares to be issued pursuant to Resolutions 8 and 9 are in addition to the fee and remuneration packages payable by the Company to the Recipient Directors. In calculating the fee and remuneration packages provided to the Recipient Directors as set out in section 9.2(i) of this Explanatory Memorandum, the Board has taken into consideration the issues of securities proposed in Resolutions 8 and 9. The Board considers that the appropriate remuneration package for each of the Recipient Directors comprises both the remuneration set out in section 9.2(i) of this Explanatory Memorandum and the securities to be issued if Resolutions 8 and 9 are passed by shareholders. Given the size of the Company, the Board considers it appropriate for part of the remuneration package to comprise non-cash, incentive-based remuneration.

9.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

(a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each Recipient Director is a related party and the issue of Plan Shares to the Recipient Directors and provision of loans by the Company to the Recipient Directors to fund payment of the subscription price for the Plan Shares constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

In accordance with the requirements of Chapter 2E, and in particular with section 219, of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issues of Plan Shares to the Recipient Directors and the provision of loans by the Company to the Recipient Directors to fund payment of the subscription price for the Shares:

(a) Melissa Sturgess and Mark Burchnall are Directors to whom proposed Resolutions 8 and 9 would permit the financial benefits to be given;

(b) the nature of the financial benefit to be given to Melissa Sturgess is the issue of 500,000 Plan Shares and a loan in respect of those Shares, being $132,500 as at the date of the Notice of Meeting;

(c) the nature of the financial benefit to be given to Mark Burchnall is the issue of 500,000 Plan Shares and a loan in respect of those Shares, being $132,500 as at the date of the Notice of Meeting;

(d) it is proposed that the Plan Shares will be issued to Recipient Directors on one date within 12 months from the date of the Meeting, but the Company reserves its right to issue the Shares progressively;

(e) the Plan Shares will be issued under the Share Plan, the terms of which are summarized in Section 9.5 of this Explanatory Memorandum;

(f) initially no funds will be raised by the issue of shares to the Recipient Directors due to the provision of the Loans to the Recipient Directors. However, when the Loans have been repaid, the funds raised by the issue of the Plan Shares will be used for working capital purposes, as the Board thinks fit;

(g) as at the date of this Notice, the capital structure of the Company is as follows:

Capital	**Number**
Ordinary Shares	53,085,326
Options	37,074,660

If Shareholders approve all Resolutions contained in this Notice and all Shares are issued as contemplated by this Notice, the issued capital of the Company would be as follows:

Capital	**Number**

Ordinary Shares	54,085,326
Options	37,074,660

If Shareholders approve the issue of 1,000,000 Plan Shares to Directors, the effect will be to dilute the shareholding of existing members by approximately 1.85%, based on the existing number of Shares as at the date of this Notice.

(h) as at the date of this Notice, the Recipient Directors hold the following securities in the Company representing 0.19% of the issued capital of the Company on a fully diluted basis:

Recipient Director	**Number of Shares held directly**	**Number of Shares held indirectly**	**Number of Options held directly**	**Number of Options held indirectly**
Melissa Sturgess	10,000	2,600	8,000	-
Mark Burchnall	-	-	-	-

If Shareholders approve all Resolutions contained in this Notice and all Shares are issued as contemplated by this Notice, the Recipient Directors will hold the following securities in the Company (representing 1.86% of the issued capital of the Company on a fully diluted basis and based on the number of Shares currently on issue):

Recipient Director	**Number of Shares held directly**	**Number of Shares held indirectly**	**Number of Options held directly**	**Number of Options held indirectly**
Melissa Sturgess	510,000	2,600	8,000	-
Mark Burchnall	500,000	-	-	-

(i) details of the Recipient Directors' remuneration for the year ended 30 June 2007 (based on information extracted from the Company's 2007 Annual Report) are as follows:

Recipient Director	**Cash, salary and fees**	**Super-annuation**	**Total**
Melissa Sturgess	-	-	-
Mark Burchnall	-	-	-

Details of the estimated remuneration payable to the Recipient Directors for the year beginning 1 July 2007 are as follows:

Recipient Director	**Cash, salary and fees**	**Super-annuation**	**Non-monetary Benefit***	**Total**
Melissa Sturgess	$24,000	$2,160	$11,866	$38,026
Mark Burchnall	$24,000	$2,160	$11,866	$38,026

*Subject to shareholder approval of Resolutions 8 and 9. This represents the benefit to the individual of interest not payable on the loans during the financial year.

(j) the subscription price at which 1,000,000 Plan Shares may be issued to the Directors will be $0.265 per Share (being greater than the weighted average price of Shares on ASX over the 5 trading days immediately before the date on which the Directors were offered the Shares, which was $0.263), in accordance with the terms of the Share Plan;

(k) the Company will provide loans to Melissa Sturgess and Mark Burchnall in relation to the acquisition of the Plan Shares under the Share Plan. The loans are repayable within 4 years from the date of issue of the Shares. The other terms of the loans are set out in Section 9.5 of this Explanatory Memorandum;

(l) during the last 12 months before the date of lodgment of this Notice with ASIC, the highest trading price of the Shares was $0.41 on 4 July 2007 and the lowest trading price of the Shares was $0.14 on 18 October 2006. The market price of the Company's Shares over the 5 days of trading on ASX up to and including 24 September 2007 has been between a minimum of $0.25 per Share to a maximum of $0.27 per Share. On 4 October 2007, the last trading day before this Notice of Meeting was lodged with ASIC, the Shares closed at a price of $0.24 per Share;

(m) assuming a market price on the date of repayment of the loans of $0.24, being the market price on the last trading day before this Notice of Meeting was lodged with ASIC, the Company will receive $240,000 from the issue of the Plan Shares to the Recipient Directors;

(n) the primary purpose of the issue of the Plan Shares to the Recipient Directors under the Share Plan is to provide an incentive to the Recipient Directors. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in issuing the Shares proposed by Resolutions 8 and 9;

(o) the issue of securities to the Recipient Directors is a more cost effective incentive for the Company as opposed to the payment of cash compensation;

(p) Melissa Sturgess has a material personal interest in the outcome of Resolution 8 and Mark Burchnall has a material personal interest in the outcome of Resolution 9 as the recipients of the Shares proposed to be issued;

(q) neither of the Recipient Directors wishes to make a recommendation to Shareholders about Resolutions 8 or 9 because each has an interest in the outcome of those Resolutions;

(r) a valuation of the Plan Shares proposed to be issued to Melissa Sturgess and Mark Burchnall has been calculated by HLB Mann Judd using the Black and Scholes Option Pricing Model and based upon the following assumptions:

(i) the underlying value of each share in the Company is based on the volume weighted average share price of 0.263 cents over the 5 day period to 24 September 2007;

(ii) risk free rate of return – 6.38% (based on the 5 year bond indicator rate as at 26 September 2007);

(iii) share price volatility of 96%, determined utilizing the daily closing share prices of the Company for the preceding 12 months;

(iv) Plan Shares to be issued to Melissa Sturgess and Mark Burchnall pursuant to Resolutions 8 and 9 will not be quoted on ASX and may not be transferred or otherwise dealt with until the later to occur of the following:

A. any loan in respect of the Plan Shares is repaid; and

B. in respect of:

1) one-third of the Plan Shares issued under the offer, 12 months after the date of issue of the Shares; and

2) another one-third of the Plan Shares issued under the offer, 24 months after the date of issue of the Shares; and

3) the remaining one-third of the Plan Shares issued under the offer, 36 months after the date of issue of the Shares; and

(v) issue price of $0.265.

Based on the above, the Black and Scholes Option Pricing Model attributes a theoretical value to each Plan Share of 7.12 cents for the Shares described in paragraph (B)(i), of 9.81 cents for the Shares described in paragraph (B)(ii) and of 11.62 cents for the Shares described in paragraph (B)(iii).

The Black and Scholes Option Pricing Model assumes that the securities the subject of the valuation can be sold on a secondary market. The terms and conditions of the Share Plan state that no application will be made for the shares to be listed for official quotation on ASX, until certain periods have elapsed. Accordingly a discount for lack of marketability is required to determine an indicative fair value of the Shares.

HLB Mann Judd has calculated an indicative fair value of the Plan Shares, based on a discount factor of 30% applied to the theoretical valuation of the shares, of 7.12 cents per Share for the Shares described in paragraph (B)(i), 9.81 cents per Share for the Shares described in paragraph (B)(ii) and 11.62 cents per share for the shares described in paragraph (B)(iii). For the purposes of arriving at an appropriate discount rate, HLB Mann Judd has considered:

(i) that discounts have traditionally been applied in the range of 10% to 30% to reflect the non-negotiability of unlisted equities; and

(ii) the fact that the shares will be unlisted.

The tables below summarize the values attributed by HLB Mann Judd to the Share issue:

First tranche (described in paragraph (B)(i)).

Allottee	**Theoretical Value per share (cents)**	**Discount (%)**	**Indicative value per share (cents)**	**Number of shares issued to Allottee**	**Total value ($)**
Melissa Sturgess	10.17	30	7.12	166,666	11,866
Mark Burchnall	10.17	30	7.12	166,666	11,866
					23,732

Second tranche (described in paragraph (B)(ii)).

Allottee	**Theoretical Value per share (cents)**	**Discount (%)**	**Indicative value per share (cents)**	**Number of shares issued to Allottee**	**Total value ($)**
Melissa Sturgess	14.01	30	9.81	166,666	16,350
Mark Burchnall	14.01	30	9.81	166,666	16,350
					32,700

Third tranche (described in paragraph (B)(iii)).

Allottee	**Theoretical Value per share (cents)**	**Discount (%)**	**Indicative value per share (cents)**	**Number of shares issued to Allottee**	**Total value ($)**
Melissa Sturgess	16.60	30	11.62	166,666	19,367
Mark Burchnall	16.60	30	11.62	166,666	19,367
					38,734

Total.

Allottee	Theoretical Value per share (cents)	Discount (%)	Indicative value per share (cents)	Number of shares issued to Allottee	Total value ($)
Melissa Sturgess	13.59	30	9.51	500,000	47,583
Mark Burchnall	13.59	30	9.51	500,000	47,583
					95,166

(s) additional information in relation to Resolutions 8 and 9 is set out throughout this Explanatory Memorandum. Shareholders should therefore read the Explanatory Memorandum in its entirety before making a decision on how to vote on Resolutions 8 and 9;

(t) the Company will incur no liabilities or costs in respect of the proposed issue of the Plan Shares to the Recipient Directors other than:

(i) the fees payable to ASX for quotation of the shares. At the rates applying at the date of this notice, these fees would be approximately $2,000. However, these fees will not be payable until after the loans in respect of the Plan Shares have been repaid;

(ii) in relation to the Plan Shares, a value equal to the weighted average trading price of shares on ASX in the five days immediately before the date of valuation, will be included as wages for the purposes of the Pay-roll Tax Act 2002 (WA), Pay-roll Tax Assessment Act 2002 (WA) and the Taxation Administration Act 2003(WA). If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company may be required to register for pay-roll tax in the relevant jurisdiction. If this value in addition to other wages that are taxable in the jurisdiction is in excess of the annual pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction;

(iii) the cost of the Shares will be expensed through the Company's income statement in accordance with AASB2 Share Based Payments; and

(u) neither the Board nor the Company is aware of any other information that would reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 8 and 9, other than as stated in this Explanatory Memorandum.

9.3 Listing Rule 10.14

Listing Rule 10.14 provides, in essence, that the approval of ordinary shareholders by ordinary resolution is required before any of the following persons can acquire securities under an employee incentive scheme:

(a) a director;

(b) an associate of a director; or

(c) a person whose relationship with the company or a related party is, in ASX's opinion, such that approval should be obtained.

Each of the Recipient Directors is a Director of the Company for the purpose of Listing Rule 10.14. Accordingly, in order for the Recipient Directors to acquire Plan Shares, the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

9.4 Listing Rule disclosure requirements

In accordance with Listing Rule 10.15, the following information is provided to Shareholders for the purposes of Resolutions 8 and 9:

(a) Melissa Sturgess and Mark Burchnall are Directors;

(b) the maximum number of Plan Shares that may be issued to Melissa Sturgess under Resolution 8 is 500,000 Shares and to Mark Burchnall under Resolution 9 is 500,000 Shares;

(c) no person referred to in Listing Rule 10.14 received any securities under the Share Plan since the date of the last approval;

(d) Directors, full-time and part-time employees of, and consultants to, the Company or any of its subsidiaries, may participate in the Share Plan;

(e) it is proposed that the Plan Shares will be issued to the Recipient Directors on one date within 12 months from the date of the Meeting, but the Company reserves its right to issue the Shares progressively;

(f) the issue price of the Plan Shares is $0.265, being greater than the weighted average price of Shares on ASX over the 5 trading days prior to 26 September 2007, which was $0.263;

(g) subject to compliance with the Listing Rules, the Plan Shares to be issued to Melissa Sturgess and Mark Burchnall pursuant to Resolutions 8 and 9 will not be quoted on ASX and may not be transferred or otherwise dealt with until the later to occur of the following:

    (i) any loan in respect of the Shares is repaid; and

    (ii) in respect of:

        A. one-third of the Plan Shares issued under the offer, 12 months after the date of issue of the Shares; and

        B. another one-third of the Plan Shares issued under the offer, 24 months after the date of issue of the Shares; and

        C. the remaining one-third of the Plan Shares issued under the offer, 36 months after the date of issue of the Shares;

(h) other than the restriction on trading referred to above, the Plan Shares issued pursuant to Resolutions 8 and 9 will rank equally with all other Shares on issue will rank equally with all other Shares on issue;

(i) the Company will provide loans to Melissa Sturgess and Mark Burchnall in relation to the acquisition of the Plan Shares under the Share Plan. The loans are repayable within 4 years from the date of issue of the Shares. The other terms of the loans are set out in Section 9.5 of this Explanatory Memorandum;

(j) a summary of the terms of the Share Plan is set out in Section 9.5 of this Explanatory Memorandum of this Explanatory Memorandum; and

(k) initially no funds will be raised by the issue of Plan Shares due to the provision of the Loans to Recipient Directors. However, when the Loans have been repaid, the funds raised by the issue of the Shares will be used for working capital purposes, as the Board thinks fit.

9.5 Summary of Share Plan

Set out below is a summary of the terms and conditions of the Share Plan.

(a) **Participants -** Participants in the Share Plan may be directors, full-time and part-time employees of, and consultants to, the Company or any of its subsidiaries ("**Participants**").

(b) **Board -** The Board, or a duly appointed committee of the Board, is responsible for the operation of the Share Plan.

(c) **Eligibility -** The Board determines the eligibility of Participants, having regard to:

(i) the seniority of the Participant and the position the Participant occupies with the Company or any subsidiary;

(ii) the length of service of the Participant with the Company and its subsidiaries;

(iii) the record of employment of the Participant with the Company and its subsidiaries;

(iv) the potential contribution of the Participant to the growth and profitability of the Company and its subsidiaries; and

(v) any other matters which the Board considers relevant.

(d) **Invitations -** The Board may issue invitations to Participants for the number of Plan Shares specified in the invitation. Shares offered under the Share Plan must be in the name of the Participant.

(e) **Number of Shares -** The number of Shares that may be offered to a Participant is entirely within the discretion of the Board.

(f) **Issue Price -** The issue price for each Plan Share will be not less than:

(i) (if there was at least one transaction in the Shares on ASX during the 5 day trading period immediately before the date on which an offer was made) the weighted average trading price of the Shares on ASX during that period; or

(ii) (if there were no transactions in the Shares on ASX during that 5 day trading period immediately before the date on which an offer was made) the last price at which an offer was made on ASX to purchase a Share.

(g) **Loan -** A Participant who is invited to subscribe for Shares under the Share Plan may also be invited to apply for a loan ("**Loan**") up to the amount payable in respect of the Shares accepted by the Participant, on the following terms:

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

(ii) Loans will be interest free.

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

(iv) 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 shall be determined by the Board and set out in the invitation.

(v) The amount repayable on the Loan by the Participant will be the lesser of:

A. 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 (vi) below and any amount of the Loan repaid by the Participant; and

B. the last sale price of the Shares on 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.

(vi) A Participant must repay the Loan in full prior to expiry of the term of the Loan but may elect to repay the Loan amount in respect of any or all of the Shares (in multiples representing not less than 1,000 Shares) at any time prior to expiry of the term of the Loan.

(vii) 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.

(viii) Any fees, charges and stamp duty payable in respect of a Loan will be payable by the Participant.

(ix) The Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Share Plan.

(x) A Share issued under the Share Plan will not be tradeable by a Participant until the Loan amount in respect of that Share has been repaid and the Company will retain the Share Certificate in respect of the Loan Shares until the Loan amount has been repaid.

(h) **Termination of the Loan prior to the Repayment Date -** If, prior to repayment of a Loan by a Participant:

(i) the Participant dies, becomes bankrupt or is no longer a director or employee of, or consultant to, the Company or its subsidiaries as a result of retirement or retrenchment, then the Participant is required to either repay the Loan within 12 months or allow the Company to place the Shares with excluded offerees for the purposes of s708 of the Corporations Act or to sell the Shares and apply the proceeds of sale in repayment of the Loan; or

(ii) the Participant is no longer a director or employee of, or consultant to, the Company or its subsidiaries other than as a result of one of the matters referred to in paragraph (a) above, then the Participant is required either to repay the Loan within one month or to allow the Company to place the Shares with excluded offerees for the purposes of s708 of the Corporations Act or to sell the Shares and apply the proceeds of the sale in repayment of the Loan.

If the proceeds from the sale of the Shares are less than the amount outstanding in relation to the Loan, the Company will forgive the amount of the shortfall.

(i) **Restriction on Transfer -** Subject to the requirements of the Listing Rules, Shares issued under the Share Plan will not be quoted on ASX and may not be sold or otherwise dealt with until the Loan in respect of those Shares has been repaid in full and any other qualifying period that may be imposed by the Board has expired. If a Participant wishes to sell any Shares prior to the expiry of the qualifying period, the Participant may give written notice to the Company requesting the Company to sell the relevant Shares on ASX. The Directors have absolute discretion to arrange the sale of the Shares, in the case of hardship or otherwise, provided that the proceeds of sale are reasonably likely to exceed the outstanding Loan amount.

(j) **Rights attaching to Shares issued under the Share Plan -** Shares which are issued under the Share Plan will rank equally in all respects (other than with respect to any restriction on transfer imposed until the Loan has been repaid or otherwise imposed by the Board and set out in the relevant invitation) with all Shares on issue and, subject to the requirements of the Listing Rules, the Company will apply for quotation of those shares on ASX once the Loan in respect of those Shares has been repaid in full and any other restrictions on transfer imposed by the Board have been satisfied.

10. Resolution 10 –Increase in Maximum Fees Payable to Non-Executive Directors

The maximum fees payable to non-executive Directors as a whole is currently $100,000. No directors' fees are currently payable to executive Directors. It is considered appropriate to increase the maximum fees payable to non-executive Directors as a whole by $50,000 to $150,000, as the Company has 4 non-executive Directors. It should be noted that it is not intended to increase the amount payable to each non-executive Director during the financial year commencing 1 July 2007.

GLOSSARY OF TERMS

In this Explanatory Memorandum the following expressions have the following meanings:

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means Australian Stock Exchange Limited.

"**Board**" means the board of Directors of the Company.

"**Company**" or "**Washington**" means Washington Resources Limited ACN 097 532 137.

"**Constitution**" means the Company's constitution from time to time.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Directors**" means the directors of Washington from time to time.

"**DST**" means daylight saving time in Western Australia.

"**Explanatory Memorandum**" means the explanatory memorandum that accompanies and forms part of this Notice.

"**Listing Rules**" means the Listing Rules of ASX.

"**Meeting**" or "**Annual General Meeting**" means the annual general meeting of shareholders of Washington convened by this Notice.

"**Notice**" or "**Notice of Annual General Meeting**" means the notice of annual general meeting which accompanies this Explanatory Memorandum.

"**Option**" means an option to apply for one Share.

"**Plan Share**" means a Share issued under the Share Plan.

"**Recipient Directors**" means Melissa Sturgess and Mark Burchnall.

"**Resolution**" means a resolution referred to in the Notice.

"**Share**" means an ordinary share in Washington Resources Limited.

"**Shareholder**" means a Washington shareholder.

"**Share Plan**" means the Washington Resources Limited Share Plan.

Schedule 1 - Terms and conditions of the Options

The terms and conditions of the Options granted to Zenix Nominees Pty Ltd as described in relation to Resolution 7 are as follows:

1. The exercise of each Option will entitle the holder to one fully paid ordinary share in the capital of the Company.
2. The exercise price of each Option is $0.35
3. The Options will expire on 31 May 2010.
4. Exercise of the Options is effected by completing an election in writing to exercise Options and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company.
5. The Option holder is required to exercise the Options in order to participate in a bonus or entitlement issue of Shares made by the Company. The Option holder will be provided with written notice of the terms of the issue to shareholders and afforded that period as determined by the Listing Rules to exercise its Options if it wishes to participate in the bonus or entitlement issue.
6. If, prior to the expiry of an Option, there is a reorganization (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Shares subject to the Option and/or the exercise price will be adjusted in the manner required by the Listing Rules.
7. All shares issued upon exercise of the Options will, from the date they are issued, rank equally in all respects with the Company's then issued Shares.
8. Shares allotted and issued pursuant to the exercise of an Option will be allotted within the time prescribed by the Listing Rules. The Company will apply for official quotation of shares issued pursuant to the exercise of Options in accordance with the Listing Rules.
9. A certificate will be issued for Options, which certificate must take effect as a deed.
10. Application will not be made for official quotation of the Options on ASX.
11. Options are not transferable except with the prior written approval of the board of Directors.