



**washington**

## WASHINGTON RESOURCES LIMITED

ABN 58 097 532 137

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# ENTITLEMENT OFFER PROSPECTUS

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**For a non renounceable entitlement issue of 49,429,229 Options on the basis of 9 Options for every 10 Shares held by Shareholders as at 5.00pm (WST) 6 October 2009 at an issue price of 0.1 cents per Option to raise approximately \$49,429.**

### **Underwriter to the Offer**



Sonray Corporate Pty Ltd  
ACN 124 761 557  
AFSL No. 316880

### **Important Notice**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

# WASHINGTON RESOURCES LIMITED

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## **Important Notice**

This Prospectus is dated 21 September 2009. A copy of this Prospectus was lodged with the ASIC on 21 September 2009. The ASIC and ASX takes no responsibility for the contents of this Prospectus.

No Options will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for Options offered by this Prospectus to be listed for Quotation.

Applications for Options offered pursuant to this Prospectus can only be submitted on an original Acceptance Form which accompanies this Prospectus. By making an Application, shareholders declare that they were given access to the Prospectus together with an Acceptance Form.

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

No person is authorised to give information or make any representations in connection with this Prospectus which is not contained in this Prospectus. Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for Options. There are risks associated with an investment in Washington Resources and the Options offered under this Prospectus must be regarded as a speculative investment. The Options offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Options.

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisors whom potential investors may consult.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 13 of this Prospectus.

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

### **Prospectus availability**

Persons accessing an electronic version of this Prospectus for the purpose of making an investment must be an Australian resident and must only access the Prospectus from within Australia.

Shareholders to whom an Offer is being made can obtain a copy of this Prospectus during the Offer Period by calling the Company on (08) 9485 0755.

If you are accessing an electronic version of this Prospectus, you must not alter the contents in any way. If you are a Shareholder to whom an Offer is being made and did not receive a personalised Acceptance Form, please contact the Company on (08) 9485 0755.

If you have received an electronic copy of this, please ensure that you have received the entire Prospectus. If you have not, please phone the Company on (08) 9485 0755 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

## SECTION 1 - CORPORATE DIRECTORY

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### DIRECTORS

Glenn Whiddon	Non-Executive Chairman
Gino D'Anna	Executive Director
Matthew Sutcliffe	Non-Executive Director
Richard Jarvis	Executive Director

### CONTACT DETAILS

Website:  
[www.washingtonresources.com.au](http://www.washingtonresources.com.au)

Email:  
[info@washingtonresources.com.au](mailto:info@washingtonresources.com.au)

Telephone: (08) 9485 0755

Facsimile: (08) 9324 2977

### COMPANY SECRETARY

Michael Langoulant  
Andrew Nealon

### STOCK EXCHANGE LISTING

Australian Stock Exchange  
(Home Exchange: Perth, Western  
Australia)

### REGISTERED OFFICE

Ground Floor  
Suite 2  
5 Ord Street  
WEST PERTH WA 6005

**Code: WRL**

**\*THESE ENTITIES HAVE BEEN INCLUDED FOR INFORMATION PURPOSES ONLY. THEY HAVE NOT BEEN INVOLVED IN THE PREPARATION OF THIS PROSPECTUS.**

### UNDERWRITER

Sonray Corporate Pty Ltd  
Level 7  
14 Martin Place  
SYDNEY NSW 2000

### AUDITORS\*

Ernst & Young  
Ernst & Young Building  
11 Mounts Bay Road  
PERTH WA 6000

### SHARE REGISTRY\*

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St George's Terrace  
PERTH WA 6000

Telephone: 1300 557 010  
Facsimile: (08) 9323 2033

## SECTION 2 - LETTER FROM THE EXECUTIVE DIRECTOR

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21 September 2009

Dear Shareholder,

As announced to the ASX on 17 September 2009, the Company has entered into a conditional agreement in relation to a merger with Ferrum Crescent Limited, a company that has a 74% interest in the advanced Turquoise Moon Magnetite Pig Iron Project, which consists of the De Loskop Deposit and the Moonlight Deposit, located in the Limpopo region of South Africa. Shareholders should refer to the ASX announcement and section 10.2 of this Prospectus for further information.

In recognition of your ongoing support of our Company, the Company is pleased to offer Shareholders the opportunity to participate in a 9 for 10 non-renounceable entitlements issue of Options.

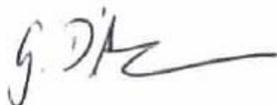
All Shareholders registered as at 5.00pm WST on 6 October 2009 will be entitled to participate in a pro-rata non-renounceable entitlements issue of Options on the basis of 9 Options for every 10 Shares then held. The Options will be issued at 0.1 cents per Option and at an exercise price of 40 cents. The expiry date of these Options is 31 December 2013.

The Closing Date for acceptances from Shareholders is 5.00pm WST on 26 October 2009. The offer is fully underwritten by the Company's underwriter, Sonray Corporate Pty Ltd.

I recommend all Shareholders take up their entitlement and advise that the Directors will take up their entitlements. Funds raised from the issue will be used for working capital purposes and to pay the expenses of the offer.

I take this opportunity to thank all Shareholders for their support since listing and look forward to your continued support in the future.

Yours faithfully,



Gino D'Anna  
Executive Director  
Washington Resources Limited

## SECTION 3 - TIMETABLE AND IMPORTANT DATES

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EVENT	DATE
Prospectus lodged with ASIC and ASX	21 September 2009
'Ex' Date	30 September 2009
Record Date for determining entitlements	6 October 2009
Dispatch Prospectus	12 October 2009
Closing Date *	26 October 2009
Deferred settlement trading commences	27 October 2009

These dates are indicative only and may be subject to change.

\* The Directors may extend the Closing Date by giving at least 5 business days notice to ASX prior to the Closing date. As such, the date the Options are expected to commence trading on ASX may vary.

## SECTION 4 - DETAILS OF THE OFFER

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### 4.1 Purpose of the Offer

The funds raised by the Offer of approximately \$49,429 will be applied to working capital and also to meet issue expenses of approximately \$15,000.

### 4.2 The Offer – Option Entitlement Issue

The Company is making a pro-rata non renounceable entitlement issue to Shareholders who are registered at 5.00pm WST on 6 October 2009 of up to 49,429,229 Options at an issue price of 0.1 cents each to raise approximately \$49,429 (before costs of the Offer).

The Options will be offered on the basis of nine (9) Options for every ten (10) Shares then held. The Options will be issued at 0.1 cents per Option and at an exercise price of 40 cents. The terms and conditions of the Options are set out in section 9.1 of this Prospectus.

In the calculation of any Entitlement, fractions will be rounded down to the nearest whole number.

### 4.3 Entitlement

The number of Options to which each Shareholder is entitled (“Entitlement”) is shown on the enclosed Acceptance Form. Your acceptance must not exceed your entitlement as shown on that form. If it does, your acceptance will be deemed to be the maximum Entitlement.

Shareholders may accept their entitlement in full or part by returning a completed Acceptance Form (together with payment – see below) to the Company’s Share Registry by 5.00 pm WST on 26 October 2009.

The offer is non-renounceable. Accordingly, Shareholders may not sell or transfer all or part of their entitlement.

### 4.4 Minimum Subscription

There is no minimum subscription.

### 4.5 Oversubscriptions

Oversubscriptions will not be accepted.

### 4.6 Underwriting

The offer of 49,429,229 Options under the Offer is underwritten by Sonray Corporate. Refer to Section 10.1 of the Prospectus for further details of the terms of the underwriting.

### 4.7 Shortfall

Any Entitlement not taken up pursuant to the Offer will form the shortfall and will be dealt with in accordance with the Underwriting Agreement.

#### **4.8 Issue Price**

The issue price is 0.1 cents for each Option payable in full in Australian currency on the acceptance of the Offer as follows:

- Cheque drawn on and payable at any Australian bank;
- Money Order; or
- Bank draft drawn on and payable at any Australian bank.

#### **4.9 Acceptance**

This Offer may be accepted in whole or in part. Acceptance and payment in full of 0.1 cents per Option must be received before 5.00pm WST on 26 October 2009. Instructions for completion and lodgment of acceptances are set out on the back of the enclosed Acceptance Form.

#### **4.10 Action Required**

If you wish to take up all of your entitlement, complete the enclosed Acceptance Form in accordance with the instructions set out and lodge the form together with your cheque for the amount shown on the form so that it reaches the Company's share registry by no later than 5.00pm WST on 26 October 2009.

Computershare Investor Services Pty Ltd OR Computershare Investor Services Pty Ltd  
GPO Box D182 Level 2, 45 St Georges Terrace  
PERTH WA 6840 PERTH WA 6000

Cheques and drafts should be made payable to "Washington Resources Ltd – Rights Issue Account" and crossed "Not Negotiable".

If you wish to take up part of your entitlement, complete the enclosed Acceptance Form in respect of the Options you wish to take up in accordance with the instructions set out in the form and lodge the form together with your cheque for the relevant amount (being the number of Options you wish to take up multiplied by 0.1 cents per Option) so that it reaches the Company's share registry by no later than 5.00pm WST on 26 October 2009.

If you do not wish to take up any of your entitlement, you do not need to take any action and your entitlement to the Options will lapse.

#### **4.11 Closing Date**

The Closing Date for the Offer is 5.00 pm WST on 26 October 2009.

#### **4.12 Offer Period**

The Prospectus will be dispatched to Shareholders on 12 October 2009. The Offer closes on 26 October 2009 (unless extended by the Directors).

#### **4.13 Allotment**

The Options will be allotted and issued as soon as practicable after the Closing Date. Where the number of Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after 26 October 2009.

Statements of holding for the Options will be mailed as soon as possible after the Closing Date. Pending the issue of the Options or payment of refunds pursuant to this

Prospectus, all application monies will be held by the Company on trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

No Options will be allotted and issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

#### **4.14 Stock Exchange Quotation**

Application for official quotation of the Options by the ASX will be made by the Company within seven (7) days of the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by ASIC) the Company will not issue any Options and will repay all application monies for the Options within the time prescribed under the Corporations Act, without interest.

Application for official quotation of Shares allotted and issued as a result of the exercise of Options issued under this Prospectus will be made within three (3) business days of allotment and issue.

#### **4.15 Overseas Shareholders**

Shareholders resident outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept or deal with their entitlements.

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

#### **4.16 Clearing House Electronic Sub-Register System (“CHESS”) and Issuer Sponsorship**

The Company will not be issuing Option certificates. The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-register is electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic register means that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders in circumstances in which there have been any changes in their security holding in the Company during the preceding month.

#### **4.17 Risk factors**

Shareholders should be aware that subscribing for Options the subject of this Prospectus involves a number of risks. Some of the more important risks are set out in section 7 of this Prospectus. Shareholders are urged to consider these risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

#### **4.18 Privacy**

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a shareholder, facilitate distribution payments and corporate communications to you as a shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the AST Settlement Rules. You should note that if you do not provide the information required on the application of Options, the Company may not be able to accept or process your application.

#### **4.19 Enquiries**

If you have any questions concerning your entitlement, please contact the Company Secretary, Andrew Nealon or Michael Langoulant on (08) 9485 0755 or fax (08) 9324 2977 or contact your professional adviser.

## SECTION 5 – PURPOSE AND EFFECT OF THE OFFER

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### 5.1 Purpose of the offer

The purpose of the Offer is to recognise the ongoing support of Shareholders by offering them an opportunity to acquire Options in the Company, and to raise approximately \$49,429 (before expenses). After expenses of the Offer, the proceeds from the issue of Options will be approximately \$34,429. These funds will be applied for general working capital requirements of the Company.

### 5.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer (assuming no existing unlisted options are exercised prior to the Record Date) will be to:

- (a) Increase cash reserves by approximately \$34,429 after deducting estimated cash expenses of the Offer. These funds will be applied for general working capital requirements of the Company; and
- (b) Increase the number of Options on issue by 49,429,229 (being the number of Options to be issued under the Offer). The number of Shares on issue will not change.

Set out below is:

- (a) an audited Consolidated Balance Sheet of the Company as at 30 June 2008;
- (b) an unaudited Consolidated Balance Sheet of the Company at 30 June 2009; and
- (c) an unaudited pro forma Consolidated Balance Sheet of the Company at 18 September 2009 incorporating the effects of the Offer.

The proposed transactions adjusting the Balance Sheet of the Company in the pro forma Balance Sheet for the effects of the Offer are the issue of 49,429,229 Options pursuant to this Prospectus, the receipt of funds of \$49,429 and the payment of costs of \$15,000.

### 5.3 Pro Forma Balance Sheet

The audited Balance Sheet as at 30 June 2008, the Balance Sheet as at 30 June 2009 (unaudited) and unaudited Pro Forma Balance Sheet as at 18 September 2009 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position, assuming that all the Options are issued by the Closing Date.

The statements have been prepared to provide shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	<b>Audited Balance Sheet 30 June 2008</b>	<b>Unaudited Balance Sheet 30 June 2009 \$</b>	<b>Proforma Balance Sheet 18 September 2009 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,945,288	1,956,341	1,990,770
Receivables	123,806	128,984	128,984
<b>Total current assets</b>	<b>3,069,094</b>	<b>2,085,325</b>	<b>2,119,754</b>
<b>Non-current assets</b>			
Plant and equipment	20,993	2,113	2,113
Investment in an associated company	453,589	-	-
Available-for-sale investments	735,425	2,055,352	2,055,352
Deferred exploration and evaluation costs	2,540,476	1,688,336	1,688,336
<b>Total non-current assets</b>	<b>3,750,483</b>	<b>3,745,801</b>	<b>3,745,801</b>
<b>Total assets</b>	<b>6,819,577</b>	<b>5,831,126</b>	<b>5,865,555</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	79,844	54,644	54,644
Provisions	11,572	8,036	8,036
<b>Total current liabilities</b>	<b>91,416</b>	<b>62,680</b>	<b>62,680</b>
<b>Non-current liabilities</b>			
Deferred tax liability	212,515	-	-
<b>Total non-current liabilities</b>	<b>212,515</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>303,931</b>	<b>62,680</b>	<b>62,680</b>
<b>Net assets</b>	<b>6,515,646</b>	<b>5,768,446</b>	<b>5,802,875</b>
<b>Equity</b>			
Contributed equity	7,754,098	7,754,098	7,754,098
Accumulated losses	(2,158,265)	(3,815,517)	(3,815,517)
Reserves	919,813	1,829,865	1,864,294
<b>Total equity</b>	<b>6,515,646</b>	<b>5,768,446</b>	<b>5,802,875</b>

## **5.4 Effect on Capital Structure**

Under the Offer, up to 49,429,229 Options are available for issue and will be issued if the Offer is fully subscribed (either by Shareholders accepting the Offer under this Prospectus or pursuant to the Underwriting Agreement referred to in Section 10.1 of this Prospectus).

Upon completion of the Offer, the issued capital of the Company will comprise

Fully paid ordinary shares presently on issue:	54,921,366
Options to be issued under Offer:	49,429,229
Unlisted options presently on issue:	1,400,000

## **5.5 Potential further changes to capital structure**

As described earlier in this Prospectus, the Company announced on 17 September 2009 that it has entered into a conditional agreement pursuant to which it will offer to acquire all issued shares, and all issued options, in the capital of Ferrum Crescent Limited. Further details of this agreement are set out in the ASX announcement and section 10.2 of this Prospectus. The consideration offered will be 12 WRL shares for each 10 FCL shares held, and 1 WRL option (on the same terms as the options issued under this Prospectus) for each 1 FCL option held.

Accordingly, if the merger proceeds, WRL will issue up to a further 102,000,000 new WRL shares, and 52,187,500 new WRL options. In return, Ferrum Crescent Limited would become a wholly owned subsidiary of the Company. There will also be an issue of 833,333 shares to Hartleys Limited in connection with corporate advisory services provided.

One of the conditions to the Merger Agreement is the approval of the Company's shareholders to proceed with the transaction (for the purposes of the ASX listing rules). Accordingly, in due course, Shareholders will receive a notice of meeting setting out further information about FCL and the effect of its acquisition upon the Company.

## SECTION 6 – RISK FACTORS

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### **Introduction**

Set out below is a list of some of the risk factors which should be considered before subscribing for Options under this Prospectus. Some of these risk factors can be mitigated by the use of safeguards and appropriate systems and actions, but many are outside the control of the Company and cannot be mitigated. The Directors are of the view that the Options offered under this Prospectus should be considered speculative because of the nature of the Company's business and the Company's history. This list is not exhaustive and Shareholders should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Options.

### **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

### **Market conditions**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equity stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **Future Capital Requirements**

The Company's activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. In particular, the Company has announced that following the proposed acquisition of Ferrum Crescent Limited, it is proposed that the Company undertake a capital raising to pursue the business of that company. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

### **Reliance on Key Personnel and Need to Attract Qualified Staff**

The Company is dependent on its management and technical personnel, the loss of whose services could materially and adversely affect the Company and impede the achievements of its business objectives. The Company's ability to sell its products and services and maintain its research and development program will depend in part upon its ability to attract and retain suitably qualified management and technical personnel over time. There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis or retain its key management personnel.

### **Uncertainty of Future Profitability**

The Company's ability to operate profitably in the future will depend on its ability to achieve sufficient revenue from existing and new customers. This will depend on the ultimate demand for its products and services by customers which cannot be guaranteed.

Other factors that will determine the Company's profitability are its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates in, competitive factors and regulatory developments. Accordingly, the extent of future profits is uncertain. Moreover, the level of such profitability cannot be predicted.

### **Exploration Success**

The mineral tenements in which the Company has an interest are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

### **Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

### **Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

### **Commodity Price Volatility and Exchange Rate Risk**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

### **Environmental and Native Title Risks**

The operations and proposed activities of the Company are subject to regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Various Australian tenements in which the Company has an interest in are subject to native title rights of indigenous Australians. The ability of the Company to gain access to its tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected by these native title rights.

### **Speculative Investment**

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

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

## **SECTION 7 - OVERSEAS PARTICIPANTS**

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The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

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

## SECTION 8 - TERMS AND CONDITIONS OF OPTIONS AND RIGHTS ATTACHING TO SHARES

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### 8.1 Terms and Conditions of Options

The Options will entitle the holders to subscribe for fully paid ordinary shares in the Company on the following terms:

- a. Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the Company.
- b. The Options are exercisable at 40 cents each.
- c. The Options will expire on 31 December 2013 (the "Expiry Date").
- d. The Options are exercisable at any time on or prior to 5.00pm (WST) on the Expiry Date by notice in writing to the secretary of the company accompanied by payment of the exercise price (for the number of shares in respect of which Options are exercised).
- e. An Option that has not lapsed may be exercised at any time.
- f. The Options are freely transferable.
- g. All shares issued upon exercise of the Options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. Shares will be issued not more than 10 business days after valid exercise of Options. The company will apply for Quotation by the ASX of all shares issued upon exercise of the Options.
- h. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of Options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- i. If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their Options, Option Holders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised the relevant Options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.
- j. There is no right to a change in the exercise price of the Options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.

- k. In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Option Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.
- l. Subject to the Corporations Act, the ASX Listing Rules and the Company's constitution, the Options may be transferred at any time in whole or part.
- m. Application will be made to ASX for quotation of Options.

## **8.2 Rights attaching to Shares upon Conversion of Options**

Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

### **General Meetings and Notice**

Each Shareholder is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act.

### **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for every fully paid Share, but in respect of partly paid Shares shall have a fraction of a vote equal to the proportion that the amount paid bears to the issue price of the Shares.

### **Dividend Rights**

The Directors may from time to time declare such dividends as appear to the Directors to be justified by the profits of the Company.

Subject to the rights of persons entitled to Shares with special rights as to dividends (at present there are none), all dividends are paid in the proportion that the amounts paid on those Shares bear to the issue price of the Shares.

### **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

### **Transfer of Shares**

Shares in the Company are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Corporations Act or the Listing Rules.

### **Variation of Rights**

The Company may, subject to the Corporations Act and with the sanction of a special resolution passed at a meeting of Shareholders, or with the written consent of the majority of shareholders in the affected class, vary or abrogate the rights attaching to Shares.

### **Future Increase in Capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

## SECTION 9 - ADDITIONAL INFORMATION

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### 9.1 Market Prices of Ordinary Shares

Official quotation of the Company's Shares commenced on 27 November 2005 and consequently, the trading history on ASX as at the date of this Prospectus is limited to that period.

The highest and lowest recorded market sale prices of the Company's Shares quoted on ASX during the period from commencement of official quotation to the date of this Prospectus were 39 cents on 4 July 2007 and 2.8 cents on 17 October 2008 respectively.

The last market sale price of the Company's Shares on ASX on the last day that trading took place in these shares prior to the date of this Prospectus was 11.0 cents on 18 September 2009.

The Company has no options over Shares currently quoted on ASX.

### 9.2 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the Options. Taxation consequences will depend on particular circumstances. Neither Washington Resources nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in Options (or Shares) in Washington Resources or dealing with an entitlement in this Offer.

### 9.3 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

### 9.4 Continuous Disclosure and Documents Available for Inspection

The Company is listed on ASX and its Shares are quoted on ASX. This Prospectus contains an offer to acquire Options to acquire such Shares.

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- a. it is subject to regular reporting and disclosure obligations;
- b. copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- c. it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - i. the financial statements of the Company for the financial year ended 30 June 2008 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - ii. any half-year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the year ended 30 June 2008 lodged with ASIC before the issue of this Prospectus; and
  - iii. any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from or inspected at, an office of the ASIC or at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2008 audited financial statements:

**2009:**

<b>Date</b>	<b>Headline</b>	<b>Pages</b>
17/09/2009	Washington Acquires Advanced Magnetite Iron Project	12
15/09/2009	Trading Halt	2
28/08/2009	Initial Director`s Interest Notice	2
28/08/2009	Board Changes - Correction	1
19/08/2009	Final Director`s Interest Notice	4
19/08/2009	Initial Director`s Interest Notice	4
19/08/2009	Board Changes	1
16/07/2009	Quarterly Activities Report	7
13/07/2009	Change in substantial holding for NTU	3
14/05/2009	Ceasing to be a substantial holder	3

<b>Date</b>	<b>Headline</b>	<b>Pages</b>
08/05/2009	Change in substantial holding	4
28/04/2009	Quarterly Activities and Cashflow Report	8
24/04/2009	Change in substantial holding	4
12/03/2009	Half Year Accounts	17
29/01/2009	Quarterly Activities and Cashflow Report	7

#### **2008:**

<b>Date</b>	<b>Headline</b>	<b>Pages</b>
03/12/2008	Appendix 3X	2
03/12/2008	Appendix 3Z	4
01/12/2008	Change of Officers	1
28/11/2008	Results of Meeting	1
13/11/2008	NTU: NT Phosphate Results	4
28/10/2008	Quarterly Activities and Cashflow Reports	8
27/10/2008	Notice of Annual General Meeting/Proxy Form	79
27/10/2008	Director Appointment/Resignation	1
29/09/2008	Full Year Statutory Accounts	70

## **9.5 Interests of Directors and Experts**

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director has or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Options pursuant to this Prospectus; or
- (c) the offer of Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or proposed Director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company or the offer of Options pursuant to this Prospectus.

The interests of the Directors in the securities of the Company at the date of this Prospectus are as follows:

<b>Director</b>	<b>No. of Shares</b>	<b>No. of Options</b>
Glenn Whiddon	2,600,000	-
Gino D'Anna	-	-
Matthew Sutcliffe	-	-
Richard Jarvis	250,000	-

The Directors have indicated they will take up their full entitlement under the Offer.

On that basis the interests of the Directors in the securities of the Company at the completion of the Offer will be as follows:

<b>Director</b>	<b>No. of Shares</b>	<b>No of Options</b>
Glenn Whiddon	2,600,000	2,340,000
Gino D'Anna	-	-
Matthew Sutcliffe	-	-
Richard Jarvis	250,000	225,000

The Company's constitution provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting (currently set at \$150,000). Directors are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include travel and out of pocket expense and disbursements made on behalf of the Company.

The table below sets out the remuneration provided to the Directors and their associated entities during the last financial year prior to the date of this Prospectus and their current and annual remuneration at the date of this Prospectus, inclusive of directors' fees.

<b>Director</b>	<b>Monthly Remuneration</b>
Glenn Whiddon	\$2,000
Gino D'Anna	\$4,000
Matthew Sutcliffe	\$2,000
Richard Jarvis	\$4,000

Under the Merger Agreement, the parties acknowledge and agree that following completion of the Merger, it is proposed that Adrian Griffin (the current managing director of Ferrum Crescent Limited) be appointed as managing director of the Merged Entity. In addition, Robert Hair will be appointed company secretary and executive director of the Merged Entity, Scott Huntly will be appointed executive director of the Merged Entity, Matodzi Nesongozwi will be appointed non-executive director of the Merged Entity, Philip Kirchlechner will be appointed non-executive director of the Merged Entity and Zola Skweyiya will be appointed chairman and non-executive director of the Merged Entity.

The interests of the proposed directors in the securities of the Company at the date of this Prospectus are as follows:

<b>Proposed Director</b>	<b>No. of Shares</b>	<b>No. of Options</b>
Adrian Griffin	750,000	-
Robert Hair	530,000	-
Scott Huntly	-	-
Matodzi Nesongozwi	-	-
Philip Kirchlechner	-	-
Zola Skweyiya	-	-

By agreement dated 26 August 2009, FCL engaged the services of Adrian Griffin to work in the position of Managing Director of FCL. The services are to be provided for a term of 3 years commencing on the date that the Shares of FCL are admitted to the Official List or FCL becomes listed by means of a corporate merger or similar. WRL has agreed to maintain this agreement in place following the merger (or, where necessary or appropriate, seek to assign or novate the agreement to WRL). The benefits payable to Mr Griffin under this agreement may represent an interest in the promotion of the Company or an amount that WRL has paid or agreed to pay, or benefit that WRL has given or agreed to give, to induce Mr Griffin to become a director of WRL or for services in connection with the Offer.

Mr Griffin will be required to work a minimum average of 40 hours per week for FCL (or the Company). Mr Griffin will not, during the course of his contract maintain any executive positions with other listed companies without approval by the Board of FCL. It is acknowledged that Mr Griffin is an active member of the mining industry and that he holds a number of non-executive positions with listed and unlisted companies associated with the mining industry. He will maintain those positions provided they do not result in a conflict of interest and provided he supplies his services on a priority basis to FCL. Remuneration for his role as Managing Director will initially be \$260,000 inclusive of superannuation, if applicable, per annum. In the event that the Company's market capitalization increases at any time during the first year of the term above \$20 million, then the annual remuneration for the second year will increase from \$260,000 to a maximum of \$320,000 (with the maximum being paid if the Company's market capitalization has during the year reached \$100 million and the increase in remuneration above \$260,000 being calculated otherwise pro rata between nil and \$60,000 by reference to the level of the Company's market capitalization at its highest point in the year). The remuneration payable per annum is in any event to be indexed according to an appropriate reference index and may with the approval of the Board be adjusted in the event that the Company raises further capital for the purposes of its business plan.

The services may be terminated by either party without cause by giving not less than three months' notice.

Mr Griffin is invited under the terms of the agreement to participate in an option plan. Corporate and individual performance goals are identified, and if one or more of those goals are attained, Mr Griffin or his nominee will be eligible to apply for and be granted for a nominal consideration (being \$10.00) a specified number of options, in each case with the invitation remaining open for a period of one year after the Qualification Date, the exercise being three years from the date of grant and the exercise price being 5% above VWAP for the ten Business Day period immediately preceding the relevant Qualification Date. The grant of options to related parties requires prior shareholder approval obtained in accordance with the Corporations Act and the Listing Rules.

By agreement dated 18 August 2009, FCL engaged the services of Scott Huntly to work in the position of Executive Director of FCL. The services are to be provided for a term of 3 years commencing on the date that the Shares of FCL are admitted to the Official List or FCL becomes listed by means of a corporate merger or similar. WRL has agreed to maintain this agreement in place following the merger (or, where necessary or appropriate, seek to assign or novate the agreement to WRL). The benefits payable to Mr Huntly under this agreement may represent an interest in the promotion of the Company or an amount that WRL has paid or agreed to pay, or benefit that WRL has given or agreed to give, to induce Mr Huntly to become a director of WRL or for services in connection with the Offer.

Mr Huntly will be required to work as required to fulfil the role of General Manager – South African Operations for FCL (or the Company). It is acknowledged that Mr Huntly is an active member of the mining industry and that he holds a number of consulting roles with listed and unlisted companies associated with the mining industry. He will maintain

those roles provided they do not result in a conflict of interest and provided he supplies his services on a priority basis to FCL. Remuneration for the role of Executive Director will be ZAR820,000 inclusive of superannuation, if applicable, per annum. The remuneration payable per annum is to be indexed according to an appropriate reference index and may with the approval of the Board be adjusted in the event that the Company raises further capital for the purposes of its business plan.

The services may be terminated by either party without cause by giving not less than three months' notice.

Mr Huntly is invited under the terms of the letter agreement to participate in the Company's Option Plan. Corporate and individual performance goals are identified, and if one or more of those goals are attained, Mr Huntly or his nominee will be eligible to apply for and be granted for a nominal consideration (being \$10.00) a specified number of Options, in each case with the invitation remaining open for a period of one year after the Qualification Date, the exercise being three years from the date of grant and the exercise price being 5% above VWAP for the ten Business Day period immediately preceding the relevant Qualification Date. The grant of options to related parties requires prior shareholder approval obtained in accordance with the Corporations Act and the Listing Rules.

By agreement dated 26 August 2009 with a company associated with Robert Hair ("Camcove"), FCL secured the services of Robert Hair as Company Secretary and an Executive Director of FCL. The services are to be provided for a term of 3 years commencing on the date that the Shares of FCL are admitted to the Official List or FCL becomes listed by means of a corporate merger or similar. WRL has agreed to maintain this agreement in place following the merger (or, where necessary or appropriate, seek to assign or novate the agreement to WRL). The benefits payable to Mr Hair under this agreement may represent an interest in the promotion of the Company or an amount that WRL has paid or agreed to pay, or benefit that WRL has given or agreed to give, to induce Mr Hair to become a director of WRL or for services in connection with the Offer.

Mr Hair or another individual acceptable to the Directors will be required to work as required to fulfil the role of Company Secretary and Executive Director for FCL (or the Company). It is acknowledged that Mr Hair is an active member of the mining industry and that he holds a number of non-executive positions with listed and unlisted companies associated with the mining industry. He will maintain those positions provided they do not result in a conflict of interest and provided he supplies his services on a priority basis to FCL.

Fees payable to Camcove for the role of Company Secretary will be \$14,000 per month. In the event that the Company's market capitalization increases at any time during the first year of the term above \$20 million, then the fees for the second year will increase from \$14,000 per month to a maximum of \$18,000 per month (with the maximum being paid if the Company's market capitalization has during the year reached \$100 million and the increase in fees above \$14,000 per month being calculated otherwise pro rata between nil and \$60,000 by reference to the level of the Company's market capitalization at its highest point in the year).

The fees payable per month are in any event to be indexed according to an appropriate reference index and may with the approval of the Board be adjusted in the event that the Company raises further capital for the purposes of its business plan.

The services may be terminated by either party without cause by giving not less than three months' notice.

Mr Hair is invited under the terms of the letter agreement to participate in the Company's Option Plan. Corporate and individual performance goals are identified, and if one or

more of those goals are attained, Mr Hair or his nominee will be eligible to apply for and be granted for a nominal consideration (being \$10.00) a specified number of Options, in each case with the invitation remaining open for a period of one year after the Qualification Date, the exercise being three years from the date of grant and the exercise price being 5% above VWAP for the ten Business Day period immediately preceding the relevant Qualification Date. The grant of options to related parties requires prior shareholder approval obtained in accordance with the Corporations Act and the Listing Rules.

Other than as set out below or elsewhere in this Prospectus, no person referred to in section 711(4) of the Corporations Act has or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Options pursuant to this Prospectus; or
- (c) the offer of Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, adviser or underwriter, either to induce him to become, or to qualify him as, an expert, advisor or underwriter or otherwise for services rendered by him in connection with the promotion or formation of the Company or the offer of Options pursuant to this Prospectus.

By agreement dated 16 September 2009 (described at section 10.1 of this Prospectus), Sonray Corporate Pty Ltd has agreed to fully underwrite the Offer (by applying for, or procuring applications for, any shortfall). The shortfall Options will be issued at \$0.001. Sonray Corporate Pty Ltd will be paid an underwriting fee, made up of a management fee of \$5,000 and an underwriting fee of 6.5%, providing a total of approximately \$8,213 in respect of this Offer.

## **9.6 Expenses of the Offer**

The total expenses of the Offer are estimated to be approximately \$15,000, comprising underwriting fees, ASIC lodgment fees, legal and due diligence costs and printing and other administrative expenses, including ASX quotation fees.

## SECTION 10 - MATERIAL AGREEMENTS

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### 10.1 Underwriting Agreement

On 16 September 2009 Sonray Corporate and the Company entered into an agreement (“Underwriting Agreement”) under which Sonray Corporate has agreed to fully underwrite the Offer of 49,429,229 Options (“Underwritten Options”). The underwriter will do this by either applying for, or procuring applications from others for, any shortfall in the Options not otherwise subscribed for (which shortfall offers will constitute offers under this Prospectus).

Pursuant to the Underwriting Agreement, the Company has agreed to pay Sonray Corporate an underwriting fee of 6.5% of the value of the Underwritten Options and a management fee of \$5,000.

The obligation of Sonray Corporate to underwrite the Offer is subject to certain events of termination. Sonray Corporate may terminate its obligations under the Underwriting Agreement if:

- (a) **Misleading statement in the Prospectus:** a material statement in the Prospectus is found to be untrue, misleading or deceptive or it is found that the Prospectus contains a material omission;
- (b) **ASIC stop order, hearing or investigation:** ASIC applies for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or the Offer or commences any investigation, examination or hearing or gathers information under Part 3 of the ASIC Act in connection with the Prospectus or the Offer;
- (c) **Changes in prospects of the Company:** any adverse change occurs in the condition, financial position or prospects of the Company or a Related Body Corporate that is, in the Underwriter’s reasonable opinion, material;
- (d) **Breach of constitution:** the Company or any of its Subsidiaries (if any) breaches its Constitution which would, in the Underwriter’s reasonable opinion, materially and adversely affect the Company or the Offer;
- (e) **Breach of Law or regulation:** the Company or any of its Subsidiaries or any Officer of the Company or a Related Body Corporate of the Company contravenes any provision of the Corporations Act, the Listing Rules or any other legislation of the Commonwealth of Australia or any State or Territory of Australia which would, in the Underwriter’s reasonable opinion, materially and adversely affect the Company or the Offer;
- (f) **Prescribed Occurrence:** a Prescribed Occurrence occurs in relation to the Company or any of the Company’s Subsidiaries which would, in the Underwriter’s reasonable opinion, materially and adversely affect the Company or the Offer;
- (g) **Insolvency:** an Insolvency Event occurs;
- (h) **Breach of agreement:** the Company or any of its Subsidiaries is in breach of any provision of this agreement that, in the Underwriter’s reasonable opinion, is material. Without limiting what else may be material, a breach of any of the following provisions is deemed to be material for the purposes of this clause 14.1(h): any warranty or undertaking in clause 9; the Company’s obligation to give the Shortfall Notice in accordance with clause 7.1; the Company’s obligation to give the Closing Certificate in accordance with clause 7.2;
- (i) **Breach of laws:** there occurs a contravention by the Company of any applicable laws in relation to the Offer including without limitation the Corporations Act, the constitution of the Company or any of the Listing Rules which would, in the

Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;

- (j) **No quotation:** approval to the quotation of all of the Options on the ASX is refused, not granted or granted subject to any condition which is unacceptable to the Underwriter (acting reasonably) or subsequently withdrawn;
- (k) **Breach of warranty:** any warranty given by the Company under this agreement is not true or has ceased to be true in any respect which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
- (l) **Conviction of Officers:** any Officer of the Company or any of its Subsidiaries is charged with or convicted of any criminal offence involving fraudulent or dishonest conduct;
- (m) **Unapproved alteration of capital:** the Company alters, or announces an intention to alter, its capital structure or its constitution without the prior consent of the Underwriter (such consent not to be unreasonably withheld) which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
- (n) **Unapproved encumbrances:** the Company or any of its Subsidiaries gives security in favour of any person who is not a security holder at the date of this agreement which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
- (o) **False or misleading information given to the Underwriter:** any information that is, in the Underwriter's reasonable opinion, material that was supplied at any time by or on behalf of the Company to the Underwriter in respect of any aspect of the Company or any of its Subsidiaries or the Offer is or becomes misleading or deceptive or contains a material omission;
- (p) **Commencement of hostilities:** an outbreak of hostilities not presently existing or an escalation of hostilities occurs (whether war has been declared or not) or a terrorist act is committed involving any one or more of Australia, New Zealand, the United Kingdom, the United States of America, the Peoples Republic of China (including the Special Administrative Region of Hong Kong), the countries of the former Union of Soviet Socialist Republics (excluding wars or hostilities within those countries), Indonesia, Japan, or the Middle East which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
- (q) **Changes of Law:** the Australian Government adopts or announces any change in any applicable laws or governmental policies which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
- (r) **Quotation on ASX:** 3 months or such other period agreed by the Underwriter elapses after the date of issue of the Prospectus without ASX granting quotation of the Options on the securities market operated by ASX;
- (s) **Grant by ASX:** any grant by ASX referred to in clause 14.1(r) is withdrawn or is made subject to any conditions other than the Standard Conditions;
- (t) **Statements issued in breach of agreement:** during the term of this agreement a breach of clause 9.4(g) or 9.4(h) occurs;
- (u) **Withdrawal of Prospectus:** the Company withdraws the Prospectus;
- (v) **Significant Change to Management or Board:** there is a significant change to the composition of the senior executives of the Company or of its board of directors without the approval of the Underwriter (which approval may not be unreasonably withheld);

- (w) **Judgement:** A judgement in an amount exceeding \$250,000 is obtained against the Company or any Related Body Corporate of the Company and is not set aside or satisfied within 5 Business Days;
- (x) **Requirement to repay Application Money:** any circumstance arises after the Prospectus is lodged a consequence of which is either that the Company is required to repay the money received from Applicants or to offer Applicants an opportunity to withdraw their Applications and receive a refund of their Application Money;
- (y) **Movement in the All Ordinaries Index:** the All Ordinaries Index of ASX is at any time on any 3 consecutive Business Days prior to allotment of the Options 90% or less of the level that Index attained at the close of trading on the Business Day before the date of signing this agreement;
- (z) **Movement in the S&P/ASX 200 Mining Index:** the S&P/ASX 200 Mining Index is at any time on any 3 consecutive Business Days prior to allotment of the Options 90% or less of the level that Index attained at the close of trading on the Business Day before the date of signing this agreement; or
- (aa) **No sub-underwriting agreement:** any of the following occurs in respect of an entity acting as Subunderwriter:
  - i. The entity terminates its Subunderwriting Agreement with the Underwriter;
  - ii. The entity does not subscribe for its pro rata share of the Shortfall within three (3) Business Days of the Underwriter receiving a Shortfall Notice;
  - iii. The entity subscribes for its pro rata share of the Shortfall on terms that are inconsistent with the Subunderwriting Agreement;
  - iv. The Underwriter reasonably forms the opinion that the entity will not, or is unlikely to, subscribe for its pro rata share of the Shortfall in accordance with the Subunderwriting Agreement, provided that the Underwriter must not enter into any agreement, arrangement or understanding (whether legally binding or not) with the entity for either of them not to fulfill their obligations under the Underwriting Agreement and Subunderwriting Agreement respectively.

The Underwriting Agreement contains a number of representations and warranties from the Company to Sonray Corporate that are considered standard for an agreement of this nature.

As the Options are not voting shares, the Underwriter will not acquire any voting power in the Company as a result of these underwriting arrangements.

## 10.2 Ferrum Crescent Limited Merger Agreement

On 17 September 2009 Washington Resources entered into a conditional merger agreement ("Merger Agreement") with Ferrum Crescent Limited. Pursuant to the Merger Agreement, Washington Resources agreed to make offers to acquire all of the shares and options comprising the capital of Ferrum Crescent Limited, a company that has a 74% interest in the advanced Turquoise Moon Magnetite Pig Iron Project, located in the Limpopo region of South Africa.

The material terms of the Merger Agreement include:

- The parties will act in good faith to satisfy all conditions precedent to the Merger Agreement on or before 31 December 2009. These conditions precedent include satisfaction of due diligence, Washington Resources shareholder approval (for the purposes of the ASX listing rules), conditional approval from ASX to the listing of the

WRL shares and options, and confirmation that certain South African regulatory approvals have been obtained.

- Pursuant to the Merger Agreement, Washington Resources will offer to acquire all of the fully paid issued capital of Ferrum Crescent Limited by offering 12 new WRL Shares for every 10 existing FCL shares currently held. This will potentially result in the issue of a further 102,000,000 new WRL Shares. These Shares will rank pari passu with the existing WRL Shares currently on issue.
- In addition, Washington Resources will offer to acquire all of the options currently on issue in Ferrum Crescent Limited by offering 1 new WRL Option for every 1 existing FCL option currently held. This will potentially result in the issue of a further 52,187,500 new WRL Options. These Options will have the same terms as the Options to be issued pursuant to this Prospectus.
- FCL must use its best endeavours to obtain signed acceptances and associated documents from all FCL shareholders and FCL option holders as soon as possible after the offers are made.
- Once WRL has received acceptances under the offer in respect of at least 90% of FCL shares and at least 90% of FCL options, along with the duly executed relevant share and option transfer forms, WRL must use best endeavours to procure shareholder approval for the transaction.
- FCL will procure mandatory restriction agreements from former FCL shareholders where required by ASX (on terms that comply with the requirements of the ASX Listing Rules or that are otherwise imposed by ASX), and will otherwise procure voluntary restriction agreements from those of the vendors and parties related to the FCL board. Voluntary restriction agreements will be on the basis of 50% of the vendor WRL Shares issued will be escrowed for 6 months from the date of issue with the balance being escrowed for 12 months from the date of issue.
- Following the obtaining of necessary approvals thereof (including ASX and shareholder approvals), the parties have agreed to complete the Merger as soon as practicable by the issue to accepting FCL shareholders and FCL option holders of the specified numbers of WRL Shares and WRL Options in return for the transfer to WRL of their FCL shares and FCL options. WRL will use best endeavours to procure the quotation of the new WRL Shares and WRL Options.
- It is acknowledged and agreed that the parties intend that the business of the Company consist principally of the Turquoise Moon Project and associated iron ore projects in RSA and elsewhere and that it will be necessary for the purposes of the business for the Company to carry out a capital raising as soon as reasonably possible after the completion of the Merger. It is acknowledged and agreed by the parties that the preferred name of the Merged Entity is Ferrum Crescent Limited and that the parties will (if this has not been achieved) cooperate in order to seek shareholder approval to the change of name accordingly.
- The Merged Entity will maintain certain existing FCL Contracts following the Merger (or, where necessary or appropriate, seek to assign or novate those contracts or agreements to WRL).
- The parties acknowledge and agree that following completion of the Merger, it is proposed that Adrian Griffin (the current managing director of Ferrum Crescent Limited) be appointed as managing director of the Merged Entity and subject to the overview of the board of directors, will have the responsibility to establish the appropriate management and organizational structure of the Merged Entity.

- It is also acknowledged and agreed that it is the mutual intention of the parties that the Merged Entity will be listed for quotation of its shares on the JSE as soon as practicable.
- Pending the completion of the merger (or earlier termination of the Merger Agreement) the parties have agreed to certain 'conduct pending completion' restrictions (relating to, for example, not paying dividends, not altering their constitutions, not altering their capital structures, not acquiring, disposing or encumbering material assets, not incurring new debt etc). Either party may terminate the agreement if these are breached, or if the proposed timetable for the merger is not followed, or if an insolvency event or a material adverse change occurs in relation to the other.

The Company anticipates that the Merger will be completed on or before 31 December 2009. Shareholders will, prior to such time, receive a notice of meeting seeking their approval to the merger and setting out further information about FCL and the proposed merger.

## SECTION 11 - CONSENTS

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Sonray Corporate has given and has not withdrawn its written consent to being named in this Prospectus as Underwriter to the Offer in the form and context in which it is named. Sonray Corporate has not caused or authorised the issue of the Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

To the maximum extent permitted by law, Sonray does not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Adrian Griffin has given and has not withdrawn his written consent to being named as as a proposed director of the Company in this Prospectus in the form and context in which he is named. Adrian Griffin has not caused or authorised the issue of the Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. To the maximum extent permitted by law, Adrian Griffin does not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Scott Huntly has given and has not withdrawn his written consent to being named as as a proposed director of the Company in this Prospectus in the form and context in which he is named. Scott Huntly has not caused or authorised the issue of the Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. To the maximum extent permitted by law, Scott Huntly does not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Robert Hair has given and has not withdrawn his written consent to being named as as a proposed director of the Company in this Prospectus in the form and context in which he is named. Robert Hair has not caused or authorised the issue of the Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. To the maximum extent permitted by law, Robert Hair does not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Philip Kirchlechner has given and has not withdrawn his written consent to being named as as a proposed director of the Company in this Prospectus in the form and context in which he is named. Philip Kirchlechner has not caused or authorised the issue of the Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. To the maximum extent permitted by law, Philip Kirchlechner does not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Matodzi Nesongozwi has given and has not withdrawn his written consent to being named as as a proposed director of the Company in this Prospectus in the form and context in which he is named. Matodzi Nesongozwi has not caused or authorised the issue of the Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. To the maximum extent permitted by law, Matodzi Nesongozwi does not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Zola Skweyiya has given and has not withdrawn his written consent to being named as as a proposed director of the Company in this Prospectus in the form and context in which he is named. Zola Skweyiya has not caused or authorised the issue of the Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. To the maximum extent permitted by law, Zola Skweyiya does not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

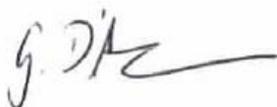
## SECTION 12 - AUTHORITY OF DIRECTORS

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This Prospectus has been issued by the Company and its issue has been authorised by a resolution of the Directors.

Each of the Directors of Washington Resources Limited has consented to the lodgment of this Prospectus in accordance with Section 720 of the Corporations Act 2001 and has not withdrawn that consent.

**Dated the 21<sup>th</sup> day of September 2009.**

A handwritten signature in black ink, appearing to read 'G. D'Anna', with a long horizontal stroke extending to the right.

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**Signed for and on behalf of  
WASHINGTON RESOURCES LIMITED**  
By Gino D'Anna

## SECTION 13 - DEFINITIONS

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**Acceptance Form** means the entitlement and acceptance form enclosed with this Prospectus.

**Applicant** means a person who submits an Application.

**Application** means a valid application to subscribe for Options.

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

**ASX** means ASX Limited (ACN 008 624 691).

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Closing Date** means the date on which the Offer to Shareholders closes.

**Company** means Washington Resources Limited.

**Corporations Act** means the Corporations Act 2001 (Commonwealth).

**Directors** mean the directors of the Company from time to time.

**Dollars or \$** means Australian dollars unless otherwise stated.

**Entitlement** means the entitlement of a shareholder who is eligible to participate in the Offer.

**FCL** means Ferrum Crescent Limited (ACN 128 777 444).

**FCL Contracts** means the material contracts to which FCL is a party.

**Glossary** means this glossary.

**JSE** means the Johannesburg Stock Exchange.

**Listing Rules or ASX Listing Rules** means the official Listing Rules of ASX.

**Merged Entity** means WRL following completion of the Merger.

**Merger** means the merger of WRL and FCL.

**Offer** means a pro-rata non-renounceable entitlement issue to Shareholders who are registered at 5.00pm WST on 6 October 2009 of up to 49,429,229 Options on the basis of 9 Options for every 10 Shares held by Shareholders (or as the context requires, any subsequent offer of the shortfall).

**Offer Period** means the period within which Shareholder may accept, commencing on the Opening Date and ending on the Closing Date.

**Official List** means the Official List of ASX.

**Opening Date** means the date on which the Offer opens.

**Option** means an option to subscribe for one Share in Washington Resources exercisable at 40 cents on or before 5:00pm WST on 31 December 2013 and issued on the terms and conditions set out in this Prospectus.

**Option Holders** means those parties holding Options to acquire Shares in Washington Resources.

**Quotation and Official Quotation** means official quotation on ASX.

**RSA** means the Republic of South Africa.

**Share** means 1 fully paid ordinary share in Washington Resources Limited.

**Shareholder** means a holder of Shares.

**Sonray Corporate** means Sonray Corporate Pty Ltd (ACN 124 761 557) being the underwriter of the Offer.

**Underwriting Agreement** means the underwriting agreement entered into between Sonray Corporate and the Company dated 16 September 2009.

**Washington Resources** means Washington Resources Limited (ABN 58 097 532 137).

**WRL** means Washington Resources.

**WST** means Western Standard Time, Perth, Western Australia.

**ENTITLEMENT and ACCEPTANCE APPLICATION FORM**  
 THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,  
 PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

**WASHINGTON RESOURCES LIMITED**

ABN 58 097 532 137

**REGISTERED OFFICE:**  
 GROUND FLOOR  
 SUITE 2  
 5 ORD STREET  
 WEST PERTH WA 6005

**SHARE REGISTRY:**  
 Computershare Investor Services Pty Ltd  
 All Correspondence to: **GPO BOX D182, PERTH  
 WA 6953**  
 Level 2, 45 St Georges Terrace, PERTH WA 6000  
 Telephone: 1300 557 010  
 Facsimile: (08) 9323 2033  
 Email: [info@computershare.com.au](mailto:info@computershare.com.au)

Holder Number:  
 Entitlement No:

Shareholding at 5.00pm WST on 6 October 2009	Entitlement to Options 9:10	Amount payable on acceptance @ \$0.001 per Option
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**A NON-RENOUCEABLE ISSUE OF APPROXIMATELY 49,429,229 OPTIONS AT A PRICE  
 OF \$0.001 EACH ON THE BASIS OF NINE (9) NEW OPTIONS FOR EVERY TEN (10) FULLY  
 PAID ORDINARY SHARES HELD.**

To the Directors,  
 WASHINGTON RESOURCES LIMITED

(1) I/We the abovenamed being registered on 6 October 2009 (at 5.00pm Australian WST) as the holder(s) of ordinary shares in your Company (or being the recipient of a shortfall offer) hereby accept and apply for the undermentioned New Options issued in accordance with the terms of the Prospectus accompanying this form.

TO BE COMPLETED BY SHAREHOLDER	NO OF NEW OPTIONS ACCEPTED/APPLIED FOR	@ \$0.001 PER OPTION	AMOUNT ENCLOSED
Entitlement or part thereof		\$0.001	AUD\$

- (2) I/We enclose my/our cheque made payable to **WASHINGTON RESOURCES LTD – RIGHTS ISSUE ACCOUNT**, for the amount shown being payment at the rate of \$0.001 per Option applied for.
- (3) I/We hereby authorise you to place my/our name(s) on the register of members in respect of the number of Options allotted to me/us and
- (4) I/We agree to be bound by the Constitution of the Company.
- (5) If any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the directors as to whether to accept this form, and how to construe, amend or complete it shall be final.
- (6) My/Our contact details in case of enquiries are:

**Telephone**  
 Area Code

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**Facsimile**  
 Area Code

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**Email:** \_\_\_\_\_

**NOTE:** Only cheques and/or bank drafts in **Australian currency** and drawn on and payable by a bank within Australia should be sent, made payable to **WASHINGTON RESOURCES LTD – RIGHTS ISSUE ACCOUNT** crossed Not Negotiable and forwarded to Computershare Investor Services Pty Ltd, GPO Box D182, PERTH WA 6000 together with this Entitlement and Acceptance Form to arrive:

**NO LATER THAN 5.00PM WST ON 26 October 2009**

**DECLARATION**

By lodging this application form and a cheque for the application money the applicant hereby:

- a. applies for the number of Options specified in the application form or such lesser number as may be allocated by the directors;
- b. agrees to be bound by the Constitution of the Company;
- c. authorises the directors to complete or amend this application form where necessary to correct any errors or omissions;
- d. authorises the Company to send the applicant a substituted application form (if this application form ceases to be current) to the applicant's email address set out in this application; and
- e. declares that the applicant has received a full and unaltered version of the Prospectus either in an electronic or paper format.

**THIS FORM DOES NOT REQUIRE SIGNING UNLESS YOU WISH TO CHANGE YOUR ADDRESS.**

Please complete ONLY if your ISSUER SPONSORED address is INCORRECT.

**NEW ADDRESS: (CHESS HOLDERS CAN ONLY AMEND THEIR ADDRESS BY ADVISING THEIR SPONSORING BROKER)**

BLOCK  
LETTERS  
PLEASE

Your Signature/s .....

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR  
ACCEPTANCE OF THE SECURITIES BEING OFFERED  
**THIS OFFER (TO SHAREHOLDERS) CLOSSES 5.00PM WST ON 26 OCTOBER 2009 (ALTHOUGH  
SHORTFALL OFFERS MAY BE MADE SUBSEQUENTLY)**