

WASHINGTON RESOURCES LIMITED (ASX: WRL)  
QUARTERLY REPORT 31 DECEMBER 2007

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## HIGHLIGHTS

- RESULTS OF GEOCHEMICAL SURVEYS AT YARAWINDAH BROOK, WA
  - PROGRESS OF DRILLING AT KURUNDI, NT
  - OPTION TO ACQUIRE INTEREST IN ZAMBIAN COPPER DUMP TREATMENT PROJECT
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## YARAWINDAH BROOK PROJECT

### Results of Geochemical Surveys – Yarawindah Brook Project

#### INTRODUCTION

During the quarter, Washington completed geochemical surveys at its 80%-owned Yarawindah Brook polymetallic deposit, located 135 kilometres north of Perth in Western Australia. For comparison, the surveys were conducted over areas of known mineralization as well as soil-covered areas in which magnetic anomalies suggest the presence of mafic and ultramafic rocks prospective for base- and precious-metal mineralization.

Samples of iron-rich laterites were collected for analysis. As these were precipitated from soil waters, base and precious metals may also have been co-precipitated according to their respective local abundance and solubility. Consequently, such laterites can be used to identify the presence of favourable rock assemblages. Elevated base- and precious-metals content may also report in vegetation covering the mineralized areas. The second part of the programme involved the collection and analysis of leaves from previously identified responsive species of marri and wandoo.

The laterite samples were assayed for nickel ('Ni'), copper ('Cu'), chromium ('Cr'), manganese ('Mn'), vanadium ('V'), zinc ('Zn'), gold ('Au'), platinum ('Pt') and palladium ('Pd'), while the leaf samples were assayed for base metals only. Magnetic anomalies characteristic of mafic and ultramafic rocks were identified at Yarawindah Brook by an earlier airborne magnetic survey. Subsequent drilling has located Ni- and Cu-sulphide, plus Au, Pt and Pd mineralization in a mafic and ultramafic bedrock complex to the northeast of Old Plains Road.

#### RESULTS

Results from the surveys have indicated potential for mineralization associated with the western magnetic anomaly. Ground-based electro-magnetic surveys are now

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planned for this area, to locate bodies of sulphide mineralization for evaluation by drilling.

### **KURUNDI EXPLORATION (NT)**

#### **Drilling programme**

Drilling was carried out during the quarter at the Kurundi Project, 80km south of Tennant Creek.

The programme targeted mineralization in halos surrounding high-grade, historic mine workings. Approximately 3,000 metres of aircore drilling were used to test scheelite occurrences identified by ultraviolet fluorescence. This was the Company's first drilling programme to be undertaken in the area.

Following completion of this programme, the rig commenced work on targets established by Northern Uranium Limited. Under the terms of the agreement with Northern Uranium, Washington retains non-uranium rights in the relevant area.

The principal tungsten mineral identified in the alteration halo is scheelite. This mineral fluoresces strongly under ultraviolet ("UV") light, which is a convenient means of identifying the mineralization in drill cuttings.

The drilling provided positive results and identified widespread mineralization extending over 3 km of strike, on two or more parallel structures. Preliminary results are provided below.

#### **1. AIRCORE DRILL CAMPAIGN**

A reconnaissance aircore drill campaign was completed in October-November. Drilling totalled 1746 metres in 171 bores: 119 bores for 940 metres within the Hill of Leaders scheelite mine area and 52 bores for 796 within the balance of the exploration licence (EL). At the Hill of Leaders, bores were sited on an approximate 50m x 200m grid; elsewhere within the EL, bores were drilled at 500-200 metre intervals adjacent to existing station tracks. 6 of the 52 bores drilled away from the Hill of Leaders were ineffective, as the drill was unable to penetrate an indurated sand horizon and quartzite boulders in ancient river gravels.

The drill-rig had limited capacity to penetrate hard rock, and bores were only drilled to "blade-refusal". Because of storm rains, the eastern part of the EL was inaccessible at the time of the campaign.

##### **1.1 HILL of LEADERS SCHEELITE MINE AREA**

In the Hill of Leaders historic mine area scheelite ( $\text{CaWO}_4$ ) mineralization is associated with greisen and quartz veins in hydrothermally altered granite. The mineralized rocks weather readily and tend not to outcrop except within the topographic "shadows" of hard, unaltered and unmineralized granite.

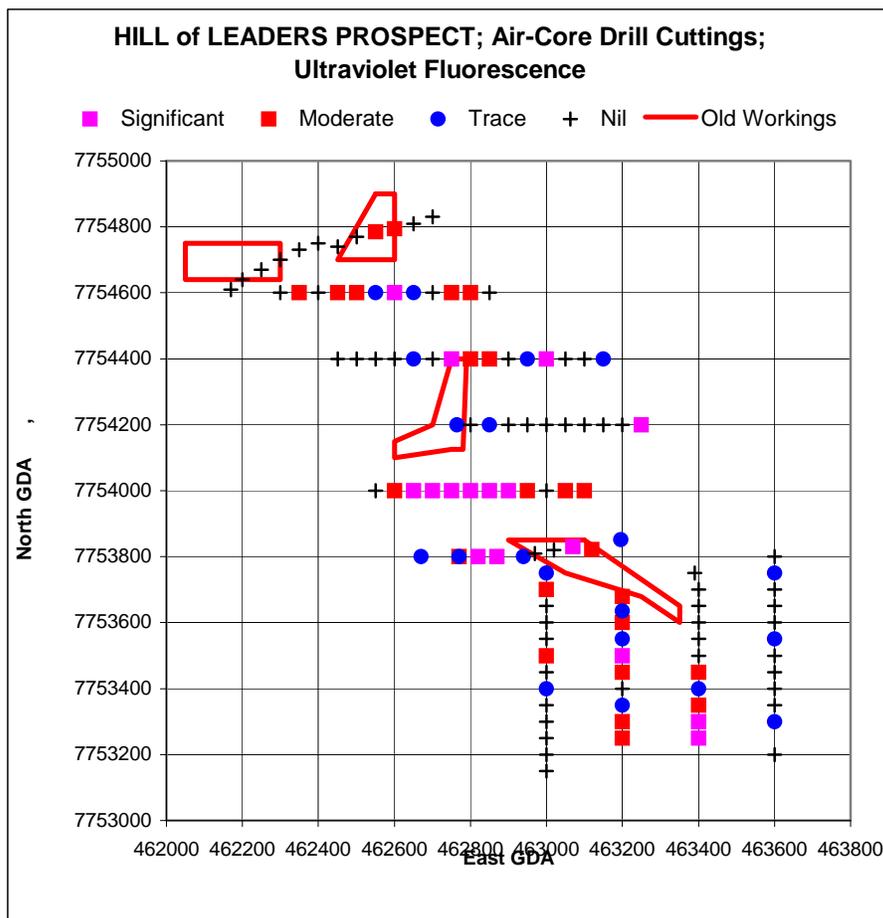
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Historic mine and prospecting activities were mainly confined within 4 areas, which extend discontinuously over a strike distance of 1500 metres and over widths of 50 to 200 metres. The workings are confined to areas of outcropping mineralization and the intervening areas with thin alluvial cover were apparently not definitively prospected.

In the Washington campaign, a lightweight aircore drill completed 119 bores for 940 metres in the Hill of Leaders area. Each metre of drill advance was sampled and samples are currently at the laboratory awaiting assay.

Scheelite is comparatively dense and fluoresces readily under ultraviolet light. At the Hill of Leaders the scheelite is comparatively coarse grained (particles typically 5-20mm diameter), fluoresces pale blue to pale yellow and is irregularly distributed within the host rocks. Because of the fluorescence, it is envisaged the Hill of Leaders deposit would be well suited to upgrading by modern ore-sorting techniques.

The drill samples were field tested by ultraviolet lamp and the degree of fluorescence noted. The levels of fluorescence were considered “significant” in 16 bores over 1400 metres of strike; “moderate” in a further 24 bores and over 1600 metres of strike and “trace” in another 20 bores and over 1800 metres of strike. See Figure 1.



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FIGURE 1. Hill of Leaders area: fluorescence by ultraviolet lamping of aircore drill samples in the field.

Figure 1 shows the drill sample lamping results and the areas of historic mine workings. The incidence of positive fluorescence in bores between the mined areas, in areas largely masked by alluvium, is readily apparent. The prospective area remains open on strike to both the northwest and southeast.

1.2 BALANCE OF THE EXPLORATION LICENCE

Figure 2 shows results of field-lamping drill cuttings from all bores; the Hill of Leaders area is represented by the dense concentration of bores centred at approximately 7,754,000N 463,000E. Figure 3 is an enlargement of the western part of the EL.

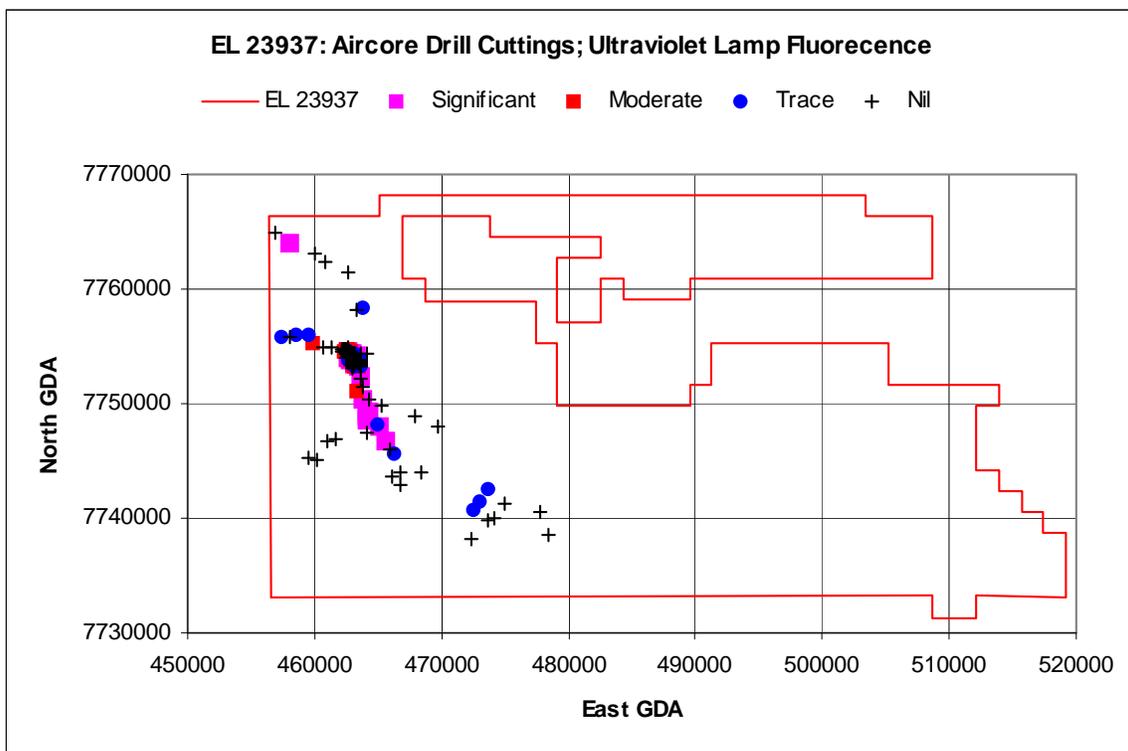


FIGURE 2. Ultraviolet lamping results of all aircore bores.

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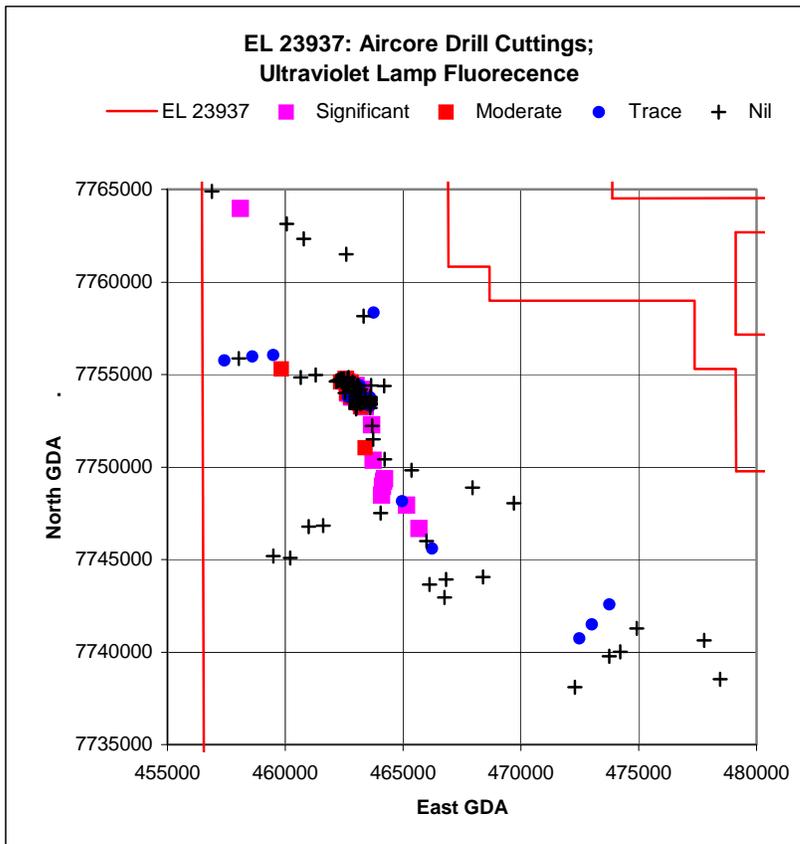


FIGURE 3. Ultraviolet lamp results of all aircore bores.

Figures 2 and 3 show significant fluorescence in 8 bores within a zone extending some 7kms south-southeasterly from the Hill of Leaders. Approximately on strike with this zone and some 9kms northwesterly from the Hill of Leaders, significant fluorescence was noted in a single bore. Further work is required to determine the continuity of possible mineralization over the apparent 16 kms of strike. Fluorescence was also noted in 5 other bores several kilometres northwesterly and northeasterly, respectively, from the Hill of Leaders area.

Traces of fluorescence were noted 3 bores north of 7,740,000N and at approximately 472,500-473,700E. These bores failed to penetrate quartzite boulders in an ancient river deposit. It would be highly significant if the fluorescence were confirmed as scheelite.

Drill samples and rock chip samples have been submitted to chemical laboratories in Perth, WA. Assays have been delayed by quarantine requirements for samples exported from NT; however, assaying is scheduled for completion in January.

## 2. ROCK CHIP SAMPLING, MAPPING AND ULTRAVIOLET LAMP SURVEY

The Hill of Leaders area has been provisionally mapped at 2,500 scale by hand-held GPS and notebook entries. Rock-chip samples were taken from historic mine workings and ultraviolet lamp traverses were conducted at night over selected areas.

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The sampling showed W grades are highly variable within a given area. This is consistent with the coarse grained nature of the scheelite. No new areas with significant scheelite were located by lamping: all areas where scheelite is common had been subject to intensive digging by the historic miners. However, traces of disseminated scheelite were found to be widespread over many hectares of hydrothermally altered granite. The commercial significance of this disseminated mineralization is yet to be determined.

It is anticipated that the Company will make a release to the market in relation to results at Kurundi at or around the end of January.

### **OPTION TO ACQUIRE INTEREST IN ZAMBIAN COPPER DUMP TREATMENT PROJECT**

Washington announced during the quarter that it has entered into an agreement giving it the option to acquire a 51% interest in the Rephidim Copper Dump Treatment Project ("**Project**") based in Chingola, Zambia.

The Mimbula and Fitula copper dumps which form part of the Project were created as a result of historical mining by Konkola Copper Mines Plc ("**KCM**"), which is the largest mining and metals company in Zambia and which is owned by Vedanta Resources Plc. Like other copper dumps in the region, these dumps have not previously been treated, but were formed by removal and discarding of the supergene oxide cap from the underlying primary sulphide orebody, together with waste rock from KCM's mining operations. KCM mine records indicate that a total of approximately 6 million tonnes of material has been disposed of in the Mimbula and Fitula dumps, with an average grade exceeding 1% copper (resulting in approximately 60,000 tonnes of contained copper in the dumps).

Large-scale copper mining in the Zambian Copperbelt commenced in the 1930s and the region is estimated to comprise a total mineral resource of over two billion tonnes. Since the turn of the 20th century, the Copperbelt has produced over 27Mt of copper. As with many other mining projects, such as platinum and gold, vast resources of copper waste dumps are now in existence, offering the opportunity for treatment and further copper extraction. The main benefits of processing such dumps as opposed to underground resources are the lower capital costs and the removal of mining risk. There are many additional waste dumps throughout the Copperbelt which may provide Washington with excellent future growth opportunities.

Washington is undertaking a technical and legal due diligence and verification programme on the Project before committing to the exercise of the option, which would if exercised would see the Company acquire 51% of Rephidim Enterprises (Zambia) Limited (the entity which holds the Mimbula dump and the rights to acquire the Fitula dump) for a total consideration of 12 million Washington shares plus a capital injection by way of loan funds into the Project of approximately US\$7.5 million.

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The Company has until 31 March 2008 to complete its due diligence and verification work and has paid an exclusivity and option fee of US\$250,000 to the vendors. If it is not satisfied with the results of its investigations, Washington can elect not to proceed with the Project, without further liability.

### **CORPORATE**

#### **End of Escrow period for WRL securities**

It was announced during the quarter that the escrow period that applied since the Company's initial public offering to 11,286,942 ordinary Washington shares ceased to apply on 19 November 2007 and that those securities were released from restriction on that date.

#### **Issue of Shares under Share Plan**

Pursuant to shareholder approval received on 23 November 2007 and pursuant to Listing Rule 10.14 and Chapter 2E of the Corporations Act 2001, the Company during the quarter issued 1,000,000 shares to directors at \$0.265 per share and 800,000 to employees and consultants at the same price and extended loans for that purpose of \$477,000.00 in total.

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.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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 a full time employee of Washington Resources Limited. Mr Griffin has sufficient expertise which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Griffin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

For further information please contact:

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

WASHINGTON RESOURCES LIMITED

ACN or ABN

58 097 532 137

Quarter ended ("current quarter")

31 December 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(65)	(153)
(b) development		
(c) production		
(d) administration	(344)	(731)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	77	153
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
<b>Net Operating Cash Flows</b>	<b>(332)</b>	<b>(731)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments	(344)	(344)
(c) other fixed assets		(1)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		1,800
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other	(375)	(375)
<b>Net investing cash flows</b>	<b>(719)</b>	<b>1,080</b>
1.13 Total operating and investing cash flows (carried forward)	(1,051)	349

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,051)	349
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		50
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – capital raising costs		
	<b>Net financing cash flows</b>		50
	<b>Net increase (decrease) in cash held</b>	(1,051)	399
1.20	Cash at beginning of quarter/year to date	5,275	3,825
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	4,224	4,224

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	93
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 relates to Directors Remuneration, Fees and Superannuation Contributions.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
<b>Total</b>	<b>100</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,224	5,275
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,224</b>	<b>5,275</b>

### Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A	N/A	
6.2 Interests in mining tenements acquired or increased	N/A	N/A	

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference *securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities				
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,800,000	1,800,000	\$0.265 – share issued under the Employee Share Plan	
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: \_\_\_\_\_  
Company Secretary

Date: 23 January 2008

Print name: Robert Hair

## Notes

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- 1 This quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
  - 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
  - 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
  - 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
  - 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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