

**WASHINGTON RESOURCES LIMITED**  
**ACN 097 532 137**

**SHORT FORM PROSPECTUS**

**For a fully underwritten non-renounceable entitlements issue of 4 New Options, each exercisable at 25 cents on or before 28 February 2008, for every 5 Shares held by Shareholders at an issue price of 1 cent per New Option to raise approximately \$400,000.**

**Underwriter:**

**Richmond Resources Pty Ltd**  
**ACN 008 646 839**

**THIS ENTITLEMENTS ISSUE CLOSES AT 5:00PM WST ON 17 MARCH 2006  
VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.**

**Please read the instructions in this Prospectus and on the accompanying  
Entitlement and Acceptance Form regarding the acceptance of your  
entitlement.**

**The securities offered by this Prospectus should be considered as  
speculative.**

# WASHINGTON RESOURCES LIMITED

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## Washington Resources Limited

### Important Notice

This Prospectus is dated 27 January 2006.

A copy of this Prospectus was lodged with ASIC on 27 January 2006. ASIC and ASX take no responsibility for the comments in this Prospectus.

No New 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 the Prospectus for permission for the New Options offered by this Prospectus to be granted quotation on ASX.

No person is authorized to give information or make any representations in connection with the Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorized by the Directors in connection with the issue of New Options.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisers before deciding whether to apply for New Options. There are risks associated with an investment in Washington, and the New Options offered under this Prospectus must be regarded as a speculative investment. The New Options offered under this Prospectus carry no guarantee with respect to return on capital investment, or the future value of the New Options. Please refer to the risk factors set out in Section 7 of this Prospectus.

A copy of this Prospectus is available on the Company's website at [www.washingtonresources.com.au](http://www.washingtonresources.com.au) for information purposes only. This Prospectus in electronic form does not constitute an offer of securities. The Offer made under this Prospectus is only available to Shareholders on the Record Date receiving an original Acceptance Form which accompanies this Prospectus.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of the upper case in the first letter. Details of the abbreviations and definitions used are set out in Section 14 of this Prospectus.

### Privacy Disclosure

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

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

The Corporations Act 2001 requires the Company to include information about security holders (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a security holder. Information contained in the Company's registers is used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and for compliance by the Company with legal and regulatory requirements.

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

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

Any information or representation not so contained may not be relied on as having been

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authorized by the Directors in connection with the Issue.

### **Short Form Prospectus**

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act 2001. A number of sections and parts of the IPO Prospectus are referred to in this Prospectus and are taken by section 712(3) of the Corporations Act 2001 to be included in this Prospectus. In addition, the Annual Financial Report and the Quarterly Report lodged with ASIC are referred to in this Prospectus and are taken by section 712(3) of the Corporations Act 2001 to be included in this Prospectus.

Please refer to Section 5 of this Prospectus for further details of the information incorporated by reference into this Prospectus.

## SECTION 1

### CORPORATE DIRECTORY

#### Directors

Adrian Griffin  
(Chairman and Managing Director)  
Grant Button  
(Non-executive Director)  
K. Scott Huntly  
(Non-executive Director)

#### Company Secretary

Bob Hair

#### Solicitors to the Company

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

#### Stock Exchange Listing

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

#### Auditor

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

#### Share Registry

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 9323 2000  
Facsimile (+61 8) 9323 2033

#### Current Registered Office

Level 1, 22 Oxford Close  
Leederville WA 6007 AUSTRALIA  
Telephone (+61 8) 9485 0755  
Facsimile (+61 8) 9324 2977  
[www.washingtonresources.com.au](http://www.washingtonresources.com.au)

#### Registered Office from 24 February 2006

98 Colin Street  
WEST PERTH WA 6005 AUSTRALIA  
Telephone (+61 8) 9485 0755  
Facsimile (+61 8) 9324 2977  
[www.washingtonresources.com.au](http://www.washingtonresources.com.au)

**SECTION 2**

**LETTER FROM DIRECTORS**

27 January 2006

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a non-renounceable entitlements issue of New Options on the basis of 4 New Options for every 5 Shares held on 28 February 2006.

The Closing Date for acceptances is 5.00 pm WST on 17 March 2006.

The entitlements issue is fully underwritten. However, the Board recommends that all Shareholders take up their entitlements. Please note that I will be taking up my entitlements and, furthermore, each of the Directors has agreed to sub-underwrite the entitlements issue to the extent of up to 5,038,583 New Options. Funds raised from the issue will be used for working capital purposes.

On behalf of the Board, I thank you for your support since listing and in the future.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Adrian Griffin', with a large, stylized initial 'A'.

Adrian Griffin  
Chairman and Managing Director

### SECTION 3

#### INDICATIVE TIMETABLE

<b>EVENT</b>	<b>DATE</b>
Prospectus lodged with ASIC and ASX	27 January 2006
Notification of Existing Option holders of right to exercise Existing Options and participate in Entitlements Issue	27 January 2006
“Ex” Date	22 February 2006
Record Date for determining entitlements	28 February 2006
Opening Date and Despatch of Prospectus	2 March 2006
Closing Date*	17 March 2006
Deferred settlement trading commences	18 March 2006
Despatch date and deferred settlement trading ends	22 March 2006

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

\* The Directors (in conjunction with the Underwriter) may extend the Closing Date by giving at least 6 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date on which the New Options are expected to commence trading on ASX may vary.

## SECTION 4

### DETAILS OF THE OFFER

#### 4.1 The Entitlements Issue

The Company is making a pro-rata non-renounceable entitlements issue to Shareholders who are registered at 5.00 pm WST on 28 February 2006 of up to approximately 40,306,660 New Options at an issue price of \$0.01 each to raise up to approximately \$400,000 (before costs of the Entitlements Issue).

The New Options will be offered on the basis of four (4) New Options for every five (5) Shares held on the Record Date.

#### 4.2 Purpose of the Entitlements Issue

The total funds to be raised by the Offer depend upon whether the Company exercises its options to purchase shares in Sallies and whether the holders of the Existing Options exercise their options on or before the Record Date.

The funds to be raised will be between approximately \$290,000 and approximately \$400,000 and will be applied to working capital. Most of the funds will be allocated for use in relation to the funding of exploration activities by the Gardiner-Tanami Joint Venture. The funds raised will be applied as set out below:

Use of Funds	Minimum Amount to be raised \$	Maximum Amount to be raised \$
Exploration activities by the Gardiner-Tanami Joint Venture <sup>(1)</sup>	\$200,000	\$310,000
Tenement administration costs (including any renewal or conversion applications) <sup>(2)</sup>	\$60,000	\$60,000
Expenses of Issue	\$30,000	\$30,000
<b>TOTAL</b>	<b>\$290,000</b>	<b>\$400,000</b>

(1) See Sections 6.2 and 11

(2) See Section 6.2

#### 4.3 Entitlement

The Entitlement of each Shareholder is shown on the enclosed Acceptance Form. Where the number of New Options to which a shareholder is entitled contains a fraction, the number will be rounded down.

Shareholders may accept their Entitlement in full or part by returning a completed Acceptance Form to the Company's Share Registry by 5.00 pm WST on the Closing Date.

#### **4.4 Minimum Subscription**

There is no minimum subscription.

#### **4.5 Oversubscriptions**

Oversubscriptions will not be accepted.

#### **4.6 Issue Price**

The issue price is \$0.01 (1 cent) for each New Option payable in full in Australian currency on acceptance of the Entitlements Issue as follows:

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

#### **4.7 Acceptance**

This Offer may be accepted in whole or in part. Acceptance and payment in full of \$0.01 (1 cent) per New Option must be received by 5.00 pm WST on the Closing Date.

Acceptance of a completed Acceptance Form creates a legally binding contract between the Applicant and the Company for the number of New Options accepted. The Acceptance Form does not need to be signed to be a binding acceptance of New Options. If the Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Acceptance Form is final.

#### **4.8 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, money order or draft for the amount shown on the form, so that it reaches the Company's share registry at:

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000 AUSTRALIA

by no later than 5.00 pm WST on the Closing Date.

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

If you wish to take up part of your entitlement, complete the enclosed Acceptance Form in respect of the New Options you wish to take up in accordance with the instructions set out in the form and lodge the form, together with your cheque, money order or draft for the relevant amount (being the number of New Options you wish to take up, multiplied by 1 cent), so that it reaches the Company's share registry by no later than 5.00 pm WST on the Closing Date.

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

#### **4.9 No rights trading**

The Entitlements Issue is made on a non-renounceable basis. This means that there will be no trading of rights and you may not renounce (sell) your rights and entitlements which you do not wish to accept. If you do not take up your entitlement to New Options under the Entitlements Issue by the Closing Date, the offer to you will lapse and the New Options will form part of the Shortfall and will be dealt with in accordance with the underwriting and sub-underwriting agreements.

#### **4.10 Underwriting**

This Offer is fully underwritten. The terms of the underwriting agreement are described in Section 11.

#### **4.11 Closing Date**

The Closing Date for the Entitlements Issue is 5.00 pm WST on 17 March 2006, unless extended by the Directors (in conjunction with the Underwriter) in accordance with the Listing Rules and the provisions of this Prospectus.

#### **4.12 Offer Period**

This Prospectus will be despatched to Shareholders on 2 March 2006. The Entitlements Issue closes on 17 March 2006, unless extended by the Directors (in conjunction with the Underwriter) in accordance with the Listing Rules and the provisions of this Prospectus.

#### **4.13 Allotment**

Application monies will be held in trust until allotment of the New Options. Interest earned on the application monies will be retained for the benefit of the Company.

The New Options will be allotted and issued as soon as practicable after 20 March 2006, unless the Closing Date is extended by the Directors (in conjunction with the Underwriter) in accordance with the Listing Rules and the provisions of this Prospectus.

Statements of holding for the New Options will be mailed as soon as possible after (and within 6 Business Days of) the Closing Date.

No New 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 New Options by the ASX will be made by the Company within seven (7) days of the date of this Prospectus. Application for official quotation of Shares allotted and issued as a result of the exercise of New Options issued under the Prospectus will be made within three (3) Business Days of allotment and issue.

#### **4.15 Overseas Shareholders**

Only Shareholders at the Record Date with registered addresses in Australia, New Zealand, the United Kingdom, Channel Islands, Singapore and Hong Kong will be able to participate in the Offer. To make the Offer in any other jurisdiction may constitute a violation of applicable securities laws. The Directors believe that it is unreasonable to make the Offer to the Foreign Shareholders, having had regard to the number of Shareholders in the relevant jurisdictions, the number and value of New Options those Shareholders would be offered and the cost of complying with the securities legislation of those jurisdictions.

Accordingly, the Offer is not being made, and no New Options will be issued, to any Shareholder whose registered address is in a country other than Australia, New Zealand, the United Kingdom, Channel Islands, Singapore or Hong Kong. This Prospectus is being sent to the Foreign Shareholders for information purposes only. No Entitlement and Acceptance Form will be sent to the Foreign Shareholders.

#### **4.16 Existing Options**

The holders of Existing Options (described in Section 12.2 of the IPO Prospectus) will be notified of their right to exercise some or all of their Existing Options and be issued Shares prior to the Record Date and hence to participate in the Entitlements Issue in relation to the Shares thereby issued.

#### **4.17 CHESS**

The Company participates in CHESS, which is operated by ASTC, in accordance with the Listing Rules and ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to investors. Instead holders of New Options will receive a statement of their holdings in the Company. If an investor is broker-sponsored, ASTC will send to the investor a CHESS statement.

#### **4.18 Enquiries**

If you have any questions concerning your entitlement, please contact the Company Secretary, Mr Bob Hair, on (618) 9485 0755 or fax (618) 9324 2977 or contact your professional adviser.

## SECTION 5

### INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

#### 5.1 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act 2001.

Sections 2, 3, 4, 5, 6, 7, 8, 9 and 10 and parts of Section 12 (as set out below) of the IPO Prospectus are hereby incorporated in this Prospectus by reference. Set out below is a summary of the information contained in the IPO Prospectus that is deemed to be incorporated in this Prospectus to assist investors and their professional advisers to determine whether, for the purposes of making an informed investment decision in relation to the New Options, they should obtain a copy of the IPO Prospectus.

***The Sections referred to below are a reference to Sections in the IPO Prospectus.***

#### *Section 2 Overview of the Company*

This Section contains a summary of the projects and tenements acquired by Washington from its incorporation on 18 July 2001 to the date of the IPO Prospectus. (For details of tenements acquired since the date of the IPO Prospectus, refer to Section 6.2) It details the objectives and strategies of the Company and provides information relating to the mineral exploration tenements at or near Yarawindah Brook in Western Australia (including Bindi Bindi, Bindi Bindi South, Newleyine and Ashworth) and at Kurundi, Kulgera and Tanami-Granites in the Northern Territory.

The Section also summarizes the capital structure that would result from the completion of the Company's initial public offering.

#### *Section 3 Directors and Management*

Section 3 contains information relating to each of the three Directors of the Company and exploration and company secretarial management.

#### *Section 4 Project and Technical Overview – Exploration Properties*

Section 4 contains an overview of the Company's exploration projects in Western Australia and the Northern Territory and of its exploration strategy.

#### *Section 5 Dwyka Strategic Alliance*

This Section describes the strategic alliance that exists between the Company and Dwyka, including the structure of that alliance and the benefits to each company.

#### *Section 6 Potential Investment in Sallies*

Section 6 describes the options held by Washington to acquire up to approximately 10% of the issued capital of Johannesburg Stock Exchange-listed Sallies Limited, the owner and operator of the Witkop fluorspar mine in South Africa. It also describes the risks that will be considered by the

Board, with the assistance of engineering consultant Venmyn Rand in assessing whether to exercise the Sallies options.

*Section 7 Independent Geologist's Report*

Section 7 consists of the report prepared by the Independent Geologist, Al Maynard & Associates. The report describes in detail the geological setting of, and historical mining and exploration on, the mining tenements that the Company owns or in which it has a controlling interest. The report also sets out details of proposed exploration programs and expenditure on the mining exploration tenements.

*Section 8 Solicitors' Report*

Section 8 consists of a report prepared by Clayton Utz dated 16 August 2005 on the mining tenements and mining tenement applications held by the Company or in which the Company has a controlling interest. The report contains details of the Tenement Sale Agreement and the Project Development Agreement, as well as details of consent and compensation agreements entered into with Gary Stephen Manning and Kim Annette Manning, Boolardy Pastoral Company Limited and Barrie Nominees Pty Ltd. It also sets out general information in relation to tenements and tenement applications and in relation to native title and Aboriginal heritage. The report contains a schedule summarizing the status of the tenements at the date of the report.

*Section 9 Financial Information*

This Section contains a historical statement of financial performance, historical and pro-forma statements of financial position and notes to the financial information. The pro-forma statements reflect the position of the Company on the basis that various transactions, including the issue of all the Shares offered under the IPO Prospectus, have been completed.

*Section 10 Independent Accountant's Report*

The Independent Accountant's Report, prepared by Ernst & Young, was included in the IPO Prospectus to assist investors and their financial advisers in making an assessment of the financial position of the Company. It is dated 18 August 2005. The Independent Accountant, following its review of the historical statement of financial performance and of the historical and pro-forma statements of financial position, gives its opinion in the report that nothing has come to its attention that causes it to believe that:

- (a) the historical financial information, as set out in Section 9 of the IPO Prospectus, does not present fairly, in accordance with the measurement requirements, but not all of the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of Washington as at 31 March 2005 and its results and cash flows for the period ending on that date; or
- (b) the pro-forma statement of financial position, as set out in Section 9 of the IPO Prospectus, does not present fairly, in accordance with the measurement requirements, but not all of the disclosure

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requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of Washington as at 31 March 2005, had the transactions set out in Note 2 of Section 9 of the IPO Prospectus taken place as at 31 March 2005.

### *Section 12 Additional Information*

The following subsections of Section 12 are incorporated into this Prospectus:

- 12.1 the rights attaching to Shares;
- 12.2 the terms of Existing Options;
- 12.3 the Option Plan and Share Plan established by the Company; and
- 12.4 material contracts.

The material contracts reviewed are the Sallies option agreements referred to in Section 6 of the IPO Prospectus, the strategic alliance agreement with Dwyka referred to in Section 5 of the IPO Prospectus, a convertible note agreement under which the Company issued a convertible note to Dwyka in the sum of \$250,000, which amount was advanced to the Company by Dwyka, and an agreement with Elegant Global, under which the Company agreed that, upon successful acquisition of the Northern Territory tenements (introduced by Elegant Global) and if the initial public offering was fully subscribed, Elegant Global could subscribe for up to 4 million Shares for \$0.001 per Share. The exercise period for the Sallies shares was extended by mutual agreement with the relevant Sallies shareholders to 31 December 2005, as described in the Second Supplementary Prospectus (and has subsequently been further extended to 28 February 2006 as set out in Section 6.2 of this Prospectus). The period within which Dwyka could exercise its rights to convert the debt from Washington into equity was varied by mutual agreement as described in the Supplementary Prospectus (and the Dwyka note was redeemed on 30 December 2005, as described in Section 6.1 of this Prospectus).

### **5.2 Financial Information**

The Company has lodged with ASIC the Annual Financial Report, which incorporates the independent audit report and the Directors' report and auditor's report, being the reports for the financial year ended 30 June 2005. The Company has also lodged with ASIC the Quarterly Cashflow Report for the quarter ended 30 September 2005. These reports referred to in this Prospectus are taken by section 712(3) of the Corporations Act 2001 to be included in this Prospectus.

## **SECTION 6**

### **COMPANY OVERVIEW**

#### **6.1 Overview**

A comprehensive overview of the Company is set out in the IPO Prospectus. Persons considering subscribing for New Options under this Prospectus should refer to Section 5 of this Prospectus for a summary of the information contained in the IPO Prospectus deemed to be incorporated in this Prospectus.

As described in Section 1.4 of the IPO Prospectus, the Company proposed an exploration budget of \$1,410,000 (excluding \$300,000 tenement acquisition costs) for its Western Australian and Northern Territory tenements, if the initial public offering was fully subscribed.

The actual manner in which the exploration expenditure is incurred may vary having regard to numerous factors, including the results of ongoing exploration activities and other matters as outlined in Section 11 of the IPO Prospectus. As of the date of this Prospectus, however, the overall scope of the exploration programs and budgets set out in relation to exploration in Western Australia and the Northern Territory remain unchanged, except as described in Section 6.2 of this Prospectus.

The offer referred to in the IPO Prospectus, under which the Company sought to raise up to \$3,000,000 by the issue of up to 15,000,000 shares, closed in accordance with its terms and was oversubscribed. The Company therefore, on 11 November 2005, allotted and issued 15,000,000 fully paid ordinary shares at \$0.20 per share. There are currently 36,100,006 Shares in total on issue. A total of 11,286,942 securities will not be quoted and are to be classified as restricted securities for a period of 24 months from the date of official quotation of the Company's securities. The balance, being 24,813,064, are quoted on ASX.

The Tenement Sale Agreement was completed and Mr McCleary was paid \$50,000 and issued 500,000 shares in accordance with the terms of that agreement.

The Project Development Agreement was completed and Murchison was paid \$250,000 in accordance with the terms of that agreement.

The allotment and issue of 4,000,000 ordinary fully paid shares to Elegant Global Limited, as described in the IPO Prospectus, was completed, following the payment by that company of \$4,000.

The convertible note described in Section 12 of the IPO Prospectus was redeemed, following the payment on 30 December 2005 to Dwyka of the face amount, being \$250,000, and accrued interest, being \$25,000.

#### **6.2 Circumstances or Matters subsequent to the IPO Prospectus**

##### *Gardiner-Tanami Joint Venture*

The Company and Polaris on 16 November 2005 signed a letter of intent, outlining plans to form a jointly owned enterprise focused on advancing the

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Uranium interests of both companies in the Gardiner Range and Tanami-Granites areas in Western Australia and the Northern Territory. This letter of intent was superseded on 25 January 2006 by the Gardiner-Tanami Project Heads of Agreement, the terms of which are summarized in Section 11. Under the terms of the agreement, Washington will vend the Uranium potential of its current tenement holdings in the Tanami/Granites region in return for 50% equity in Newco, a joint venture company to be used for that purpose.

Newco's exploration activities are to be funded equally by the Company and Polaris by means of loan funds, repayable out of capital raised by Newco. (It is the parties' intention that Newco will at an appropriate time seek to raise capital itself). Non-Uranium minerals are not included in the joint venture.

It is expected that most of the funds being raised through the Entitlements Issue will be used for the purposes of funding Washington's 50% of the joint venture. The affected tenements as at the date of this Prospectus are ELA 23932, ELA 23933, EL 23934, EL 24166, ELA 24174, ELA 24177, EL 24178, ELA 24179 and ELA 24193 (all owned by Washington) and ELs 80/3404-5, EL 80/3414, ELA 80/3530, ELA 80/3539, ELAs 80/3547-8, ELA 24941, ELA 24849, ELA 24935, ELA 24947, ELA 25003, ELA 25004 and ELA 25009 (all owned by Polaris).

### *Sallies Options*

By mutual agreement, the period during which the Company may exercise its options to acquire shares in Sallies Limited (described in Section 12 of the IPO Prospectus) has been further extended to 28 February 2006, in order to give the Company extra time to receive and consider the report of South African engineering group Venmyn Rand.

### *Bulla Joint Venture*

The Company, on 18 January 2006, reached agreement with RLC, whereby the Company and RLC will form a joint venture relating to exploration for Iron on ELA70/2719 and ELA70/2720 (Newleyine), located approximately 70 km east of Perth. Under the terms of the joint venture agreement, which remains subject to applicable landholder and regulatory approvals (including the grant by the Department of the right to mine Iron), RLC will have the exclusive right to carry out exploration programs for Iron and may thereby increase its joint venture interest from 50% to 80% by the expenditure of \$250,000. To maintain its joint venture interest, RLC must spend at least \$25,000 in the first year and at least \$50,000 per annum thereafter until it has so spent \$250,000, upon which Washington will have the right to contribute according to its joint venture interest or to dilute. The joint venture does not apply in any way to minerals other than Iron.

### *Drilling at Yarawindah Brook*

The Company commenced a 24-hole reverse circulation drilling program at Yarawindah Brook on 6 December 2005, with the program due for completion within a two week period. The target was PGMs, with associated base metal mineralization. On 19 December 2005, the Company announced that the program was complete, with encouraging

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visual results, most of the drill holes having intersected disseminated nickel and copper sulphides close to the surface. On the basis of the visual results, the program was extended to 77 holes, due to be completed in the middle of February 2006. Summary assay results of drill hole YWRC 29 were released to the market on 19 January 2006. A summary of the significant drilling results is set out in Table 1. Increased exploration activities (and hence increased expenditure) may be planned as a result of the results to date.

**Table 1. Yarawindah Brook significant 5 m RC drill composites.**

Hole	Local Grid		From (m)	To (m)	Co (ppm)	Cu (ppm)	Ni (ppm)	Au+Pt+Pd (ppm)
	Northing	Easting						
YWRC 1	10100	10350	15	20	514	2992	2636	0.186
YWRC 2	10100	10300	25	30	628	1957	3352	0.120
YWRC 2	10100	10300	35	40	325	1761	3782	0.083
YWRC 3	10100	10250	20	25	3193	3982	2990	0.341
YWRC 3	10100	10250	25	30	925	2743	3480	0.342
YWRC 10	11300	10150	30	35	476	2551	3541	0.139
YWRC 21	10750	9950	15	20	3061	3107	3253	0.308
YWRC 22	10800	10000	15	20	628	1670	3242	0.141
YWRC 29	10850	10000	45	50	466	10078	4767	0.233

*The information set out in Table 1 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 experience relevant to the style of mineralization and type of deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Table 1 is included in this Prospectus with Mr Griffin's consent as to the form and context in which the exploration results appear.*

### New Tenements

Table 2 sets out the new Tenements for which the Company has applied since the date of the IPO Prospectus.

**Table 2 – Tenements Acquired or Applied for since IPO Prospectus**

Project name	Tenement number	Location	Beneficial interest	Status	Approx. area
Toodyay West	E70/2853	WA	100%	Application	3,797 Ha
Yarawindah South	E70/2914	WA	100%	Application	2,642 Ha
Yarawindah South	P70/1497	WA	100%	Application	42 Ha
Yarawindah South	P70/1498	WA	100%	Application	20 Ha
Yarawindah South	P70/1499	WA	100%	Application	20 Ha

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Kurundi	E24995	NT	100%	Application	2.8 km <sup>2</sup>
Rabbit Flats	E23935	NT	100%	Application	506.3 km <sup>2</sup>
Rabbit Flats	E25157	NT	100%	Application	25.8 km <sup>2</sup>
Rabbit Flats	E25158	NT	100%	Application	38.7 km <sup>2</sup>
Rabbit Flats	E25159	NT	100%	Application	67.7 km <sup>2</sup>
Rabbit Flats	E25160	NT	100%	Application	132.2 km <sup>2</sup>

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

*Annual General Meeting*

The Company's annual general meeting was held on 30 December 2005, and a summary of the outcomes of that meeting is set out as Table 3.

**Table 3 – AGM Outcomes**

	<b>Resolution 1 - Remuneration Report</b>	<b>Resolution 2 - Director's appointment</b>
Proxies instructed to vote in the affirmative	10,410,000	10,410,000
Proxies instructed to vote in the negative	0	0
Proxies instructed to abstain	0	0
Proxies to vote at the discretion of the proxy	0	0
<b>Total proxy votes validly appointed</b>	<b>10,410,000</b>	<b>10,410,000</b>

*Amendments to the Mining Act in Western Australia*

*Amendments to the Mining Act in Western Australia*

The Mining Act 1978 (WA) is likely to be amended in the near future upon the commencement of the Mining Amendment Acts 2004 and 2005 (WA) ("Amending Acts"), which are currently expected to come into operation on 10 February 2006. One of the most significant amendments to the Mining Act is that the holder of a mining lease application lodged before the commencement of the Amending Acts may, within a 12 month period, apply to revert the application to a prospecting or exploration licence application. The Company is considering the likely impact of the amendments on its Western Australian mining tenements and is evaluating what, if any, action should be taken prior to and after commencement of the Amending Acts.

## **SECTION 7**

### **INVESTMENT CONSIDERATIONS AND RISK FACTORS**

#### **7.1 Investment Considerations**

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

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

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

#### **7.2 General Risk Factors**

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

There is also a range of specific risks associated with Washington's business and its involvement in the mining technology, exploration and mining industry, both within Australia and overseas. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed business of Washington. Washington is primarily an exploration company and an investment in it carries with it risks reasonably expected of an investment in a business of this type. The Company's future viability and profitability will depend on a number of factors, including but not limited to the following.

#### **7.3 Mining and Exploration Risks**

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

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

- Start-up risks.
- Geological conditions.
- Limitations on activities due to seasonal weather patterns and cyclone activity.

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

No assurance can be given that exploration will be successful. The ultimate success and financial viability of the Company depend upon the discovery and delineation of economically recoverable ore reserves, the design and construction of efficient mining and processing facilities and competent operational and managerial performance, as well as its ability to obtain the necessary titles and government and other regulatory approvals.

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

### **7.4 Changes in Government Policy**

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

### **7.5 Reliance on Key Personnel**

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

### **7.6 Metal Market Conditions**

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

## **7.7 General Economic Conditions**

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

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

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

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

## **7.8 Environmental Risks**

The Company's projects are subject to laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. Washington may from time to time be required to comply with environmental management issues that arise as a result of factors beyond its control.

## **7.9 Tenement Title Risks**

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

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

## **7.10 Native Title and Risks associated with Landholder Consent**

Investors should refer to the Solicitors' Report at Section 8 of the IPO Prospectus for a report on the impact of native title on mining tenements. Areas within the Tenements are freehold title. Exploration and mining rights are subject to obtaining the consent or agreement of relevant landholders in respect of such areas.

## **7.11 Share Market Risk**

Applicants should be aware that there are risks associated with stock market investment. It is important to recognize that share prices and dividends may fall as well as rise, and that the price of the Shares may trade below or above the Offer price. Factors affecting the market price could include the announcement of new products or technology, success in winning contracts and variations in general market conditions or market conditions specific to a particular industry. In particular, the share prices for many exploration companies are subject to wide fluctuations that may be unrelated to the operating performance of the relevant company. Such fluctuations may adversely affect the market price of the Shares.

### **7.12 Future Capital Needs and Additional Funding**

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

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

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

### **7.13 Limited Operational History**

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

### **7.14 Sovereign Risk**

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

### **7.15 Important Disclaimer and Recommendation**

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

Therefore, the New Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or

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the market value of those New Options.

Shareholders should consider that an investment in Washington is speculative and should consult their professional advisers before deciding whether to apply for New Options in the Company.

## SECTION 8

### CAPITAL STRUCTURE

Under the Offer, between 28,880,004 and 40,306,660 New Options (depending upon whether the Company exercises its options to purchase shares in Sallies, as described in Section 6 of the IPO Prospectus and depending upon whether the holders of the Existing Options exercise those options before the Record Date) will be available for issue and, subject to exclusion events set out in the Company's underwriting agreement with Richmond (which is described in Section 11 of this Prospectus), will be issued.

Refer to Table 4 for a description of the Company's capital structure.

*Table 4 – Capital Structure*

Number of Shares on issue on the date of this Prospectus	36,100,006
Shares that may be issued to Sallies shareholders as consideration for the acquisition of shares in Sallies <sup>(1)</sup>	8,858,320
Existing Options	5,425,000
Number of New Options that may be issued pursuant to this Prospectus if Washington does not exercise its options to acquire shares in Sallies and if none of the Existing Options is exercised before the Record Date	28,880,004
Number of New Options that may be issued pursuant to this Prospectus if Washington exercises its options to acquire shares in Sallies and if none of the Existing Options is exercised before the Record Date	35,966,660
<b>Maximum number of New Options that may be issued pursuant to this Prospectus if Washington exercises its options to acquire shares in Sallies and if all of the Existing Options are exercised before the Record Date</b>	<b>40,306,660</b>

(1) Refer to Sections 6 and 12.4(a) of the IPO Prospectus and Section 6.2 of this Prospectus for further details.

After expenses of the Offer, the proceeds from the issue of New Options will be between approximately \$260,000 and approximately \$370,000. These funds will be applied to the working capital requirements of the Company, including in particular for the purposes of the Gardiner-Tanami Joint Venture.

## **SECTION 9**

### **TERMS AND CONDITIONS OF NEW OPTIONS**

#### **9.1 Terms and Conditions of New Options**

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

1. Each New Option entitles the holder to acquire one Share.
2. The New Options may be exercised in whole or in part at any time until 28 February 2008. Each New Option may be exercised by forwarding to the Company at its registered office the exercise notice, duly completed, together with payment of the sum of twenty-five cents (\$0.25) per New Option exercised. The New Options will lapse at 5.00 pm WST on 28 February 2008.
3. The New Options are transferable at any time prior to the expiry date, subject to any applicable ASX restrictions. Application will be made to ASX for Official Quotation of the New Options.
4. An Option holder is required to exercise a New Option to participate in a bonus or entitlement issue made by the Company. New Option holders will be afforded that period as determined by the Listing Rules before the record date (to determine entitlements to the issue) to exercise the New Option.
5. There are no rights to a change in the exercise price, or in the number of Shares over which the New Options can be exercised in the event of a bonus or a rights issue by the Company before the exercise of any New Options.
6. Shares issued on the exercise of New Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of a New Option will rank equally with the then issued ordinary shares of the Company in all respects. Official Quotation of the Shares will be sought in accordance with the Listing Rules.
7. In the event of any reorganization (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the New Options will be reorganized in accordance with the Listing Rules.
8. The Company will, at least 20 Business Days before expiry of the New Options, send notices to the holders of the New Options stating the name of the option holder, the number of options held, the number of Shares to be issued on exercise of the options, the exercise price, the due date for payment of the exercise price, and the consequences of non-payment.

#### **9.2 Rights attaching to Shares upon Exercise of New 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.

All Shares issued pursuant to the New Options will from the time they are issued, rank pari passu with all the Company's existing Shares. 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.

### ***Voting at General Meetings***

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

### ***Meetings of Members***

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution or the Corporations Act 2001 and the Listing Rules.

### ***Dividends***

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

### ***Winding Up***

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

### ***Transfer of Shares***

Shares may be transferred by a proper transfer effected in accordance with the ASTC Settlement Rules, by any other method of transferring or dealing in Shares introduced by the ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors of the ASX that is otherwise permitted by the Corporations Act 2001.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASTC Settlement Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the

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Company must give the party lodging the transfer (and any broker lodging the transfer) written notice in accordance with the Listing Rules of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASTC Settlement Rules.

### ***Preference Shares***

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

## **SECTION 10**

### **ADDITIONAL INFORMATION**

#### **10.1 Market Prices of Shares**

Official Quotation of the Company's Shares commenced on 17 November 2005 and, consequently, the trading history on ASX as at the date of this Prospectus is limited to the period since that date.

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 26 cents on 25 January 2006 and 19 cents on 23 November 2005, 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 25 cents on 25 January 2006.

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

#### **10.2 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 New Options. Taxation consequences will depend upon particular circumstances. Neither Washington 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 New Options or dealing with an entitlement in this Entitlements Issue.

#### **10.3 Legal Proceedings**

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

#### **10.4 Continuous Disclosure and Documents Available for Inspection**

As required by section 712(1) of the Corporations Act 2001, the Company will provide, free of charge, a copy of any of the documents (or parts) taken to be included in this Prospectus as listed in Sections 5 and 6 of this Prospectus to a person who asks for it during the application period of this Prospectus. Copies of the IPO Prospectus, the Annual Financial Report and the Quarterly Report are posted on the Company's website at [www.washingtonresources.com.au](http://www.washingtonresources.com.au).

The Company is a "disclosing entity" for the purposes of the Corporations Act 2001 and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a company admitted to the official list of ASX, the Company is subject to the ASX Listing Rules, which require continuous disclosure to the ASX of any information held by the Company, which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Section 713 of the Corporations Act 2001 allows a company to issue a prospectus with an alternative general disclosure test, relying upon

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documents lodged with ASIC pursuant to this obligation. However, as the Company's shares have not been continuously quoted securities for a period of 12 months prior to the date of this Prospectus, the Prospectus is issued in accordance with section 712 of the Corporations Act.

The Company will provide a copy of all documents lodged with ASX in accordance with the continuous disclosure requirements since the Company's official quotation on ASX on 17 November 2005. As at the time of lodging this Prospectus the only such documents were:

1. 17 November 2005 – Uranium Venture and Rights Issue
2. 18 November 2005 – Appendix 3X, Initial Director Interest Notice
3. 24 November 2005 – Initial Substantial Shareholder Notice, Sylvania Resources Limited
4. 30 November 2005 – Initial Substantial Shareholder Notice, Elegant Global
5. 1 December 2005 – Notice in respect of AGM
6. 8 December 2005 – Drilling commences at Yarawindah Brook
7. 19 December 2006 – Response to ASX query price and volume query
8. 19 December 2005 – Drilling Program at Yarawindah Brook
9. 21 December 2005 – Initial Substantial Shareholder Notices, S and M Wilson and N McCleary
10. 30 December 2005 – AGM Address by Chairman and Managing Director
11. 30 December 2005 – Results of AGM
12. 18 January 2006 – Drilling at Yarawindah Brook
13. 19 January 2006 – Drilling at Yarawindah Brook
14. 23 January 2006 – Bulla Iron Ore Joint Venture
15. 27 January 2006 – Quarterly Report.

In accordance with the continuous disclosure obligations, the Company may from time to time make further ASX announcements which will be posted on the ASX website and the Company's website.

### **10.5 Interests of Directors**

Other than as disclosed in this Prospectus:

- (a) no Director has or during the last two (2) years had any interest in:
  - (i) the formation or promotion of the Company, or
  - (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlements Issue, or

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- (iii) the Entitlements Issue, and
- (b) no amounts (whether in cash or shares or otherwise) have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director of the Company to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or in connection with the promotion or formation of Washington or the Entitlements Issue.

No Director as at the date of this Prospectus has any direct or indirect interest in securities in the Company other than as set out in Table 5 below.

*Table 5 – Directors’ Interests In Company Securities*

Name	Shares at date of Prospectus	Options at date of Prospectus	New Options to be acquired under Prospectus	Maximum New Options to be acquired under sub-underwriting agreement
Adrian Griffin	625,000	-	500,000	5,038,333
Grant Button	-	-	-	5,038,333
K. Scott Huntly	-	-	-	5,038,333

### *Remuneration of Directors*

The current maximum Directors' remuneration, as approved by Shareholders, is \$100,000 per annum collectively. Non-executive Directors of the Company will be paid \$2,000 per month.

### *Agreement with Chairman and Managing Director*

By agreement dated 8 April 2005, the Company and Mr Adrian Griffin entered into an agreement containing the terms and conditions under which he will provide his services as chief executive officer of the Company.

The agreement:

- (a) has a term of three (3) years;
- (b) requires the payment to Mr Griffin of a fee of \$10,000.00 per month (increasing by reference to the consumer price index each year) and reimbursement of expenses;
- (c) has provision for six (6) months' notice for termination, and
- (d) otherwise contains standard terms relating to confidentiality, conflicts of interest, termination and representations and warranties.

### *Deeds of Indemnity and Access*

The Company has entered into a deed of indemnity and access with each of its Directors and the Company Secretary ("Deeds"). Under the Deeds, the Company will indemnify each officer to the extent permitted by the Corporations Act 2001 against any liability arising as a result of the officer acting as an officer of the Company. The Company may maintain insurance policies for the benefit of the relevant officer for the term of the appointment and for a period of seven (7) years after retirement or resignation. The Deeds also provide for the right to access Board papers.

Each of the Directors is participating as a Sub-Underwriter to the lesser of 12.5% of any Shortfall or 5,038,333 New Options. None of the Directors will receive any fee for sub-underwriting the Issue.

### **10.6 Interests of Experts and Other Named Parties**

Other than as disclosed in this Prospectus:

- (a) no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this Prospectus, nor any firm in which any of those persons is or was a partner, or had, in the two (2) year period ending on the date of this Prospectus, an interest in:
  - (i) the formation or promotion of the Company, or
  - (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlements Issue, or
  - (iii) the Entitlements Issue; and
- (b) no amounts (whether in cash or shares or otherwise) have been paid or agreed to be paid by any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner, or had, in the two (2) year period ending on the date of this Prospectus, and no benefits have been given to any such person for services rendered in connection with the promotion or formation of Washington or the Entitlements Issue.

Clayton Utz has acted as legal adviser to the Company in relation to this Prospectus. The Company estimates that it will pay Clayton Utz a total of \$12,000 for these services. During the 24 months preceding lodgment of this Prospectus with ASIC, Clayton Utz has received fees for services as legal adviser to the Company of \$113,446.45. Subsequently, fees will be charged in accordance with normal charge-out rates.

### **10.7 Expenses of the Entitlements Issue**

The total expenses of the Entitlements Issue are estimated to be \$30,000, comprising legal and due diligence costs of \$15,000 and printing and other administrative expenses, including ASX quotation fees, of \$7,000 and underwriting fees of \$8,000.

## SECTION 11

### MATERIAL CONTRACTS

Sections 8.3 and 12.4 of the IPO Prospectus, which are referred to in Section 5.1 of this Prospectus, set out contracts to which the Company is a party that were considered by the Directors as being material to enable investors to make an informed assessment of the Shares being offered under that Prospectus. Section 6.2 of this Prospectus sets out any material amendments to these contracts. Investors and their professional advisers are referred to those sections of the IPO Prospectus and this Prospectus in relation to those material contracts.

Additional contracts to which the Company is a party that are considered by the Directors to be material to enable investors to make an informed assessment of the New Options being offered under this Prospectus are as follows.

#### 1. *Gardiner-Tanami Project Heads of Agreement*

The Gardiner-Tanami Project Heads of Agreement was entered by the Company with Polaris on 25 January 2006. Following is a summary of essential terms of the Gardiner-Tanami Project Heads of Agreement:

- (a) The GTPA is subject to the conduct by each party of a due diligence investigation of the other's tenements and to applicable regulatory approvals and to the completion of any necessary changes to agreements with affected landholders. Each party has confirmed to the other that it is satisfied with the results of its due diligence investigations and that the conditions precedent to the GTPA have been met.
- (b) The Washington tenements affected are ELAs 23932-3, 24174, 24177, 24179 and 24193 and ELs 23934, 24166 and 24178.
- (c) The Polaris tenements affected are ELs 80/3404-5, EL 80/3414, ELA 80/3530, ELA 80/3539, ELAs 80/3547-8, ELA 24941, ELA 24849, ELA 24935, ELA 24947, ELA 25003, ELA 25004 and ELA 25009.
- (d) The joint venture is to be an incorporated one, using a dedicated joint venture company ("Newco"). Each party would hold 50% of the shares in Newco. A shareholders' agreement is to be negotiated for the conduct of the joint venture.
- (e) Polaris is to be manager of the joint venture, subject to the provisions of the shareholders' agreement. Washington remains responsible for its tenements, except insofar as Uranium is concerned.
- (f) The manager is to engage a specialist geologist to prepare an information memorandum for the purposes of a capital raising by Newco. Until Newco has raised capital, by way of an initial public offering or through strategic investors, the parties are to contribute funding equally as loans to Newco. Funds so advanced to Newco will attract interest at the rate of 8% per

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annum, compounding monthly, and would be repayable out of funding raised by Newco.

- (g) There is provision for including other tenements or joint venture interests in Newco, subject to negotiations with other parties and pre-emptive rights held by third parties.
- (h) All minerals other than Uranium are expressly excluded from the joint venture.
- (i) Stamp duty and other costs of the GTPA are to be shared equally.

### 2. *Bulla Joint Venture Agreement*

The Bulla Joint Venture Agreement was entered into by the Company and RLC on 18 January 2006. Following is a summary of essential terms of the BJVA:

- (a) The BJVA is subject to applicable regulatory approvals and to the completion of any necessary agreements with affected landholders.
- (b) The Washington Tenements affected are ELAs 70/2719 and 70/2720.
- (c) The joint venture relates exclusively to Iron, and all minerals other than Iron remain exclusively Washington's. Washington remains responsible for its Tenements, except insofar as Iron is concerned.
- (d) The initial interests of the parties are equal, and RLC is to be manager of the joint venture, with the right to increase its interest to 80% by the contribution as sole contributor to exploration expenditure of \$250,000. RLC indemnifies the Company in respect of its activities on the area of the tenements. RLC must report any encountered non-Iron mineralization to Washington.
- (e) RLC must contribute as sole contributor to exploration expenditure at least \$25,000 in the first year and at least \$50,000 per annum thereafter until it has so contributed \$250,000. Once the \$250,000 has been so contributed, the Company has the right to contribute according to its 20% interest or to dilute its interest.
- (f) In the event that economic Iron mineralization is discovered, the parties are to negotiate in good faith in order to agree upon a development agreement.
- (g) The manager of the JV must give a party all information it requires to comply with the ASX Listing Rules, and such information may be given to ASX for release to the market, or so required to comply with such Listing Rules.

### 3. *Underwriting Agreement*

The Underwriting Agreement was entered into by the Company and Richmond on 24 January 2006. Following is a summary of essential terms of the Underwriting Agreement:

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- (a) Richmond agrees to underwrite any Shortfall, subject to the Company lodging this Prospectus with ASIC and ASX by 27 January 2006 (or such later date as is approved by Richmond).
- (b) The Company must within three (3) Business Days after the lodgment of this Prospectus with ASIC apply for the official quotation of the New Options. It must obtain all permissions and approvals for such quotation.
- (c) The Company gives undertakings while the Underwriting Agreement is in force in respect of:
  - o not breaching its constitution or applicable law;
  - o not altering its capital structure (except in certain permitted ways) or charging or disposing of its main undertaking;
  - o not making announcements about the Entitlements Issue without the prior written consent of Richmond (except that this obligation is not to prevent the Company from meeting its obligations under the Corporations Act 2001 and Listing Rules);
  - o not lodging supplementary prospectuses without the approval of Richmond (except that this obligation is not to prevent the Company from meeting its obligations under the Corporations Act 2001 and Listing Rules);
  - o informing Richmond of certain events, if they take place, in the issue of this Prospectus;
  - o complying with the provisions of the Corporations Act 2001;
  - o issuing copies of this Prospectus throughout Australia and at such times as are reasonably required by Richmond;
  - o and ensuring that advertising of the Entitlements Issue is carried out in compliance with the Corporations Act 2001.

The Company gives certain standard warranties and undertakes to inform Richmond if any warranty ceases to be applicable.

- (d) The Offer must be made in accordance with the terms of this Prospectus. Applications must be made on Application Forms. No valid application may be rejected by the Company without Richmond's approval.
- (e) The Company indemnifies Richmond and its officers and employees out of any loss arising out of a breach of applicable law in relation to the Entitlements Issue, except where it involves fraud or such misconduct by Richmond or where Richmond has waived the relevant breach.
- (f) Richmond receives an underwriting fee of 2% of the amount raised by the Entitlements Issue.
- (g) Richmond may terminate its obligations under the Underwriting Agreement if any one or more of the following events occur:

### Washington Resources Limited

- (i) the All Ordinaries Index falls below 4,500 percentage points;
- (ii) the Dow Jones Industrial Index falls below 10,000;
- (iii) the buying price (quoted by the National Australia Bank Limited) for A\$1.00 falls below US\$0.65;
- (iv) the Company defaults (in the reasonable opinion of Richmond) in a material respect in the performance of its obligations under the Underwriting Agreement (including undertakings, representations and warranties);
- (v) trading of Shares on ASX is suspended;
- (vi) a director of the Company dies or is charged with or convicted of a criminal offence;
- (vii) the Company fails to comply with provisions under the Constitution, any statute, the ASX Listing Rules or any other requirement of or request by ASIC, the ASX or any government agency, or any agreement entered into;
- (viii) any of the following occur:
  - (A) a receiver, receiver and manager, trustee or similar is appointed over any assets or undertakings of the Company;
  - (B) the Company ceases or threatens to cease to carry on business or enters into any arrangement with, or assignment for the benefit of, its creditors;
  - (C) an administrator is appointed by the Company or the Court; or
  - (D) an application or order is made for the winding up or dissolution of the Company otherwise than for the purpose of an amalgamation or reconstruction which has the consent of Richmond;
- (ix) in the opinion of Richmond, there is a material change to the financial or trading position of the Company, or Richmond's obligations under the Underwriting Agreement become more onerous than what exists at the time of the Underwriting Agreement;
- (x) any person consented to be named in the Prospectus withdraws their consent;
- (xi) a charge over all or any of the assets of the Company is created or comes into existence without the approval of Richmond; or
- (xii) an outbreak of hostilities in certain listed countries (this does not include isolated acts of terrorism);.

**Washington Resources Limited**

- (h) The Company is responsible for stamp duty and other costs associated with the Underwriting Agreement.

**4. Sub-Underwriting Agreements**

Richmond has entered into a Sub-Underwriting Agreement with each of the Directors.

No sub-underwriting fee is payable to the Directors.

Each Sub-Underwriting Agreement is subject to the same termination events as set out in Section 3(g) above and contains the same indemnities as set out in Section 3 (e) above.

A true copy of each of the material contracts referred to in the IPO Prospectus or this Prospectus will be available for inspection at the Company's registered office during office hours.

## SECTION 12

### CONSENTS

The following persons have each consented to the inclusion of the following statements and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included, and have not withdrawn that consent before lodgment of this Prospectus with ASIC.

**Ernst & Young** in relation to the Independent Accountant's Report in Section 10 of the IPO Prospectus, the Audit Report forming part of the Annual Financial Report and the reference to those reports in this Prospectus. Ernst & Young has not authorized or caused the issue of any other part of this Prospectus.

**Clayton Utz** in relation to the Solicitor's Report set out in Section 8 of the IPO Prospectus and the reference to that report in this Prospectus. Clayton Utz has also consented to be named in this Prospectus as solicitors to the Company. Clayton Utz has not authorized or caused the issue of any other part of this Prospectus.

**Al Maynard & Associates** in relation to the Independent Geologist's Report set out in Section 7 of the IPO Prospectus and the reference to that report in this Prospectus. Al Maynard & Associates has not authorized or caused the issue of any other part of this Prospectus.

Each does so on the basis that:

- (a) it does not make, or purport to make, any statement in this Prospectus, or on which a statement made in this Prospectus is based, other than as specified in this section; and
- (b) to the maximum extent permitted by the law, it expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party, as specified in this Section.

Computershare Investor Services Pty Limited has given its written consent to the issue of this Prospectus with its names included and did not withdraw its consent before the lodgment of this Prospectus with ASIC. Computershare Investor Services Pty Limited did not have any involvement in the preparation of any part of this Prospectus other than being named in this Prospectus in the capacity in which it is so named.

## **SECTION 13**

### **AUTHORITY OF DIRECTORS**

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that, in respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, and that those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgment of this Prospectus with ASIC, or, to the Directors' knowledge, before any issue of New Options pursuant to this Prospectus.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisers.

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.

This Prospectus is issued by Washington Resources Limited. Its issue was authorized by a resolution of the Directors and it is signed by a Director on behalf of all Directors.

**Dated the 27th day of January 2006.**

Grant Button

(Director)

**Signed for and on behalf of  
WASHINGTON RESOURCES LIMITED**

## SECTION 14

### DEFINITIONS

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

**Annual Financial Report** means the Annual Financial Report of the Company for the period to 30 June 2005 lodged with ASIC.

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

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

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

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 624 691, a wholly owned subsidiary of ASX.

**ASTC Settlement Rules** means the operating rules of ASTC.

**ASX** means Australian Stock Exchange Limited A.C.N. 008 624 691.

**Auditors** means Ernst & Young.

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

**Bulla Joint Venture** means the joint venture established to explore for Iron, as described in subsection 2 of Section 11 of this Prospectus.

**Bulla Joint Venture Agreement** or **BJVA** means the joint venture agreement between the Company and RLC dated 18 January 2006 relating to the Bulla Joint Venture.

**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 closes, being 17 March 2006 or such other date as the Directors (in conjunction with the Underwriter) in their absolute discretion determine.

**Company** means Washington.

**Corporations Act 2001** means the Corporations Act 2001 of Australia.

**Department** means the relevant government department.

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

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

**Dwyka** means Dwyka Diamonds Limited A.C.N. 060 938 552.

**EL** means exploration licence.

**ELA** means exploration licence application.

**Entitlement** means the number of New Options to which each Shareholder is entitled in this Issue.

**Entitlements Issue** means a pro-rata non-renounceable entitlements issue to Shareholders who are registered at 5.00pm WST on 28 February 2006 of up to 40,306,660 New Options at an issue price of 1 cent each to raise up to

approximately \$400,000 (before costs of the Issue).

**Existing Option** means a currently existing option to subscribe for a Share, subject to the terms set out in Section 12.2 of the IPO Prospectus.

**Foreign Shareholder** means a Shareholder whose registered address is not within Australia, New Zealand, the United Kingdom, Channel Islands, Singapore or Hong Kong.

**Gardiner-Tanami Project** means the joint venture established to explore for Uranium, as described in subsection 1 of Section 11.

**Gardiner-Tanami Project Heads of Agreement** or **GTPA** means the heads of agreement dated 25 January 2006 between the Company and Polaris relating to the Gardiner-Tanami Project.

**Glossary** means this glossary.

**Independent Accountant** means Ernst & Young.

**Independent Accountant's Report** means the report contained in Section 10 of the IPO Prospectus.

**Independent Geologist** means Al Maynard & Associates.

**Independent Geologist's Report** means the report contained in Section 7 of the August 2005 Prospectus.

**IPO Prospectus** means the prospectus lodged by the Company with the ASIC and dated 19 August 2005 (as amended by the Supplementary Prospectus and as further amended by the Second Supplementary Prospectus).

**Issue** means the issue of New Options pursuant to this Prospectus.

**Iron** means an ore of iron, including hematite, goethite and magnetite.

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

**Mining Act** means the Mining Act 1978 of Western Australia or the Mining Act as amended, or, as the context requires, the Mining Act of the Northern Territory 1980, as amended and includes all regulations and orders made thereunder.

**Murchison** means Murchison Resources Pty Ltd A.C.N. 009 175 491.

**Newco** means a company to be used for the purposes of the Gardiner-Tanami Joint Venture.

**New Option** means an option to subscribe for one Share exercisable at 25 cents on or before 5:00pm WST on 28 February 2008 and issued on the terms and conditions set out in this Prospectus.

**Offer** means the offer of New Options pursuant to this Prospectus.

**Offer Period** means the period 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 acquire a Share.

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

**PGM** means platinum group metal.

**Polaris** means Polaris Metals N.L. A.C.N. 085 223 570, which is a joint venturer in the Gardiner-Tanami Project.

**Project Development Agreement** means the agreement dated 17 January 2005 (as subsequently varied by letter agreement) between the Company and Murchison relating to the purchase by the Company of its 80% interest in certain tenements containing, amongst other things, Yarawindah Brook.

**Prospectus** means this prospectus dated 27 January 2006 for the issue of up to 40,306,660 New Options, including any electronic or online version.

**Quarterly Report** means the Company's Quarterly Activities Report and Quarterly Cashflow Report (Mining Exploration entity quarterly report) for the quarter ended 31 December 2005.

**Quotation** means quotation of the Shares or New Options on ASX.

**RLC** means Reedy Lagoon Corporation Limited A.C.N. 006 639 514, which is a party to the Bulla Joint Venture.

**Richmond** means Richmond Resources Pty Ltd A.C.N. 008 646 839, which has agreed to underwrite the Entitlements Issue.

**Sallies** or **Sallies Limited** means Sallies Limited, registration number 1903/001879/06, a company listed on the Johannesburg Stock Exchange.

**Share** means a fully paid ordinary share in Washington.

**Shareholder** means a holder of Shares.

**Second Supplementary Prospectus** means the second supplementary prospectus to the prospectus dated 19 August 2005, lodged by the Company with ASIC on 28 September 2005.

**Shortfall** means the Entitlements that are not accepted by Shareholders in accordance with the provisions of this Prospectus.

**Supplementary Prospectus** means the first supplementary prospectus to the prospectus dated 19 August 2005, lodged by the Company with ASIC on 16 September 2005.

**Tenement Sale Agreement** means the agreement dated 24 March 2005 between the Company and Norman Sydney McCleary relating to the purchase by the Company of its exploration interests in the Northern Territory.

**Uranium** means a heavy element, with the chemical symbol "U", which is commonly refined to produce nuclear fuel.

**Washington** means Washington Resources Limited A.C.N. 097 532 137

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