

## WASHINGTON RESOURCES LIMITED (ASX: WRL)

### HIGHLIGHTS

#### *Operational:*

- Continued encouragement from drilling results at Yarawindah Brook
- Progressing float of uranium assets with Polaris Metals NL

#### *Corporate:*

- Washington holds 50% of the shares of Northern Uranium Limited, formed for the purposes of IPO
- Offers accepted under Washington Employee Share and Option Plans, 920,000 shares were subsequently allotted and issued (not including directors, as shareholder approval has not yet been sought or obtained)

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## OPERATIONS

### Yarawindah Exploration

Washington Resources Limited ('Washington' or 'the Company') began work on the Yarawindah Brook polymetallic sulphide deposit shortly after the Company's admission to the ASX in November 2005. The Yarawindah project lies within the Jimperding Igneous Complex, approximately 130 kilometres north of Perth.

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

To gain a better understanding of this mineralization, the Company commissioned petrological, geophysical and metallurgical studies. The latter, which are ongoing, are intended to optimize the grade and recovery of concentrates from the Yarawindah mineralization.

Preliminary results from the petrological work and geophysics are outlined below.

#### **1. Petrological study**

Recently, 13 drill-chip samples from the RC drilling campaign, including samples from the three bores that intersected massive Ni/Cu sulphides, were submitted for

microscopic examination. Comments by the petrologist on the respective intersections were as follows.

- Bore YWRC 55 (GDA94 6559536mN 429871mE): "...a mixed breccia ...suggesting a Voisey's Bay style of mineralization" (see Figure 1).
- Bore YWRC 58 (GDA94 6559989mN 429558mE): "...more typical dunite-hosted, nickel-rich sulphide" (see Figure 2).
- Bore YWRC 29 (GDA94 6559823mN 429767mE): "...complex/heterogeneous mix of ultramafic, mafic and highly altered lithologies" (see Figure 3).

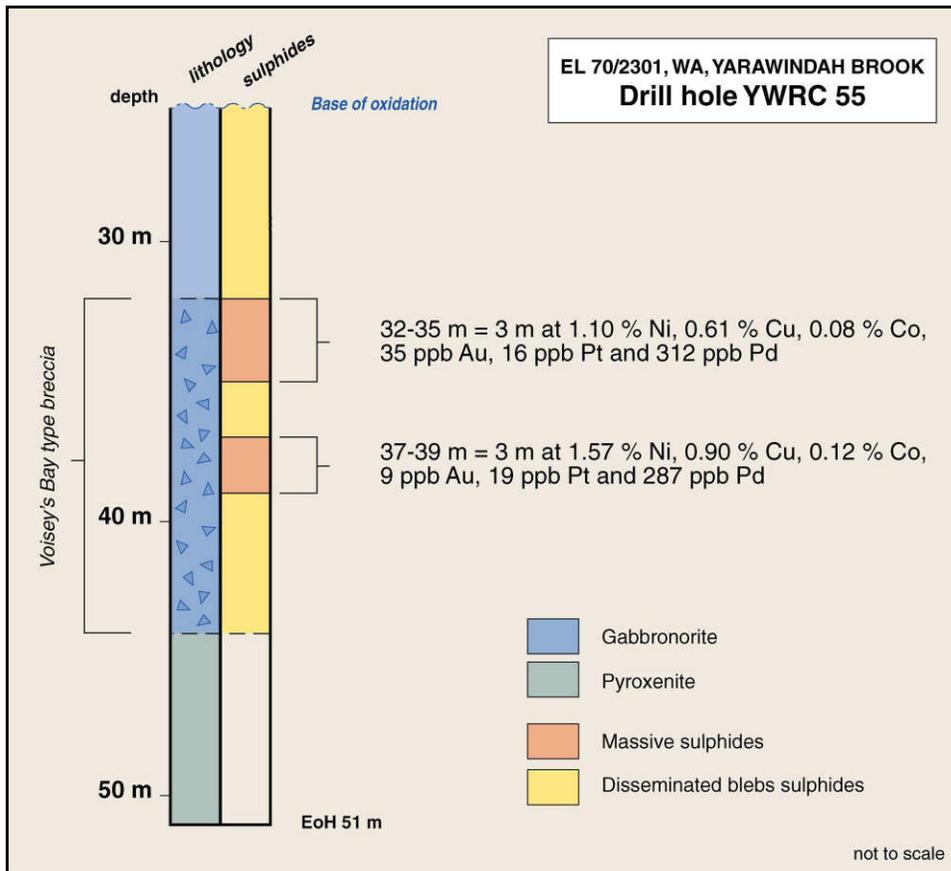


Figure 1. Bore YWRC 55 – Ni/Cu sulphides in a mixed breccia of footwall and sill rock types in gabbronorite. (Collar at GDA94 6559536mN 429871mE)

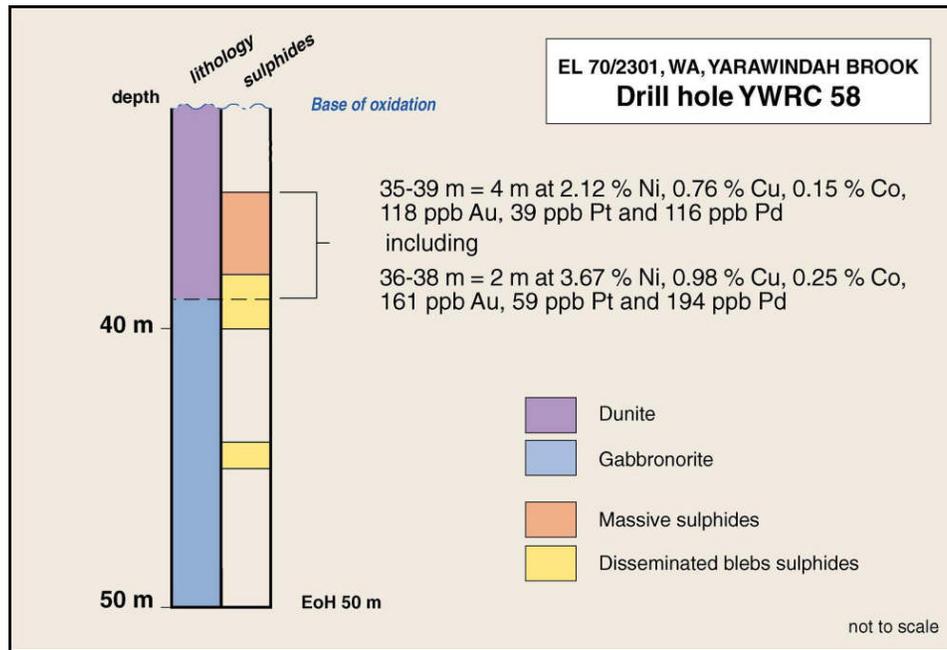


Figure 2. Bore YWRC 58 – Ni/Cu sulphides on a dunite-gabbronorite contact. (Collar at GDA94 6559989mN 429558mE)

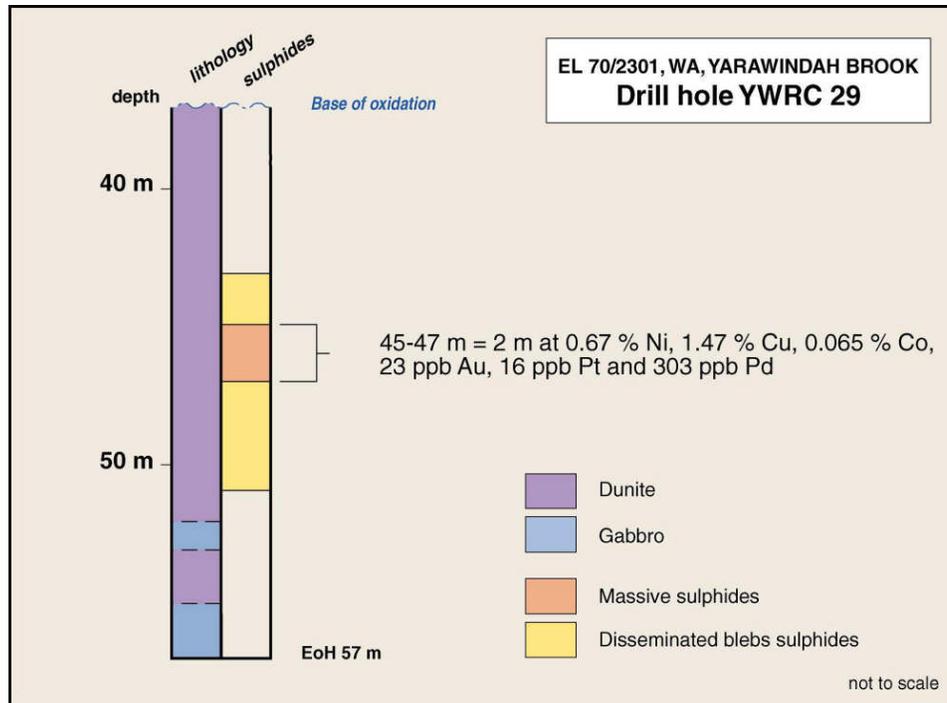


Figure 3. Bore YWRC 29 – Cu/Ni sulphides in dunite. (Collar at GDA94 6559823mN 429767mE)

## 2. Geophysical study

A gradient array induced polarization survey was completed over an area measuring 1600 by 800 metres, which included Washington's three RC drill sulphide intersections. The survey successfully outlined bedrock units and helped identify a number of potential drill targets. Additional geophysical techniques that can provide better resolution of the high-grade massive sulphide intersections and optimize the success of the drilling programme are planned for the September quarter.

## 3. Geological interpretation

Bedrock geology has been reinterpreted following a review of all available data – recent and historic. The possibility that the sill is upright and facing easterly has been canvassed. Similar eastern and western units have been outlined, suggesting a fault repetition or two similar but separate sills. This is a significant departure from earlier studies, in which the sill was considered a single differentiated unit, overturned and facing westerly. Figure 4 is a diagrammatic representation of possible relationships between the sill and the three sulphide intersections.

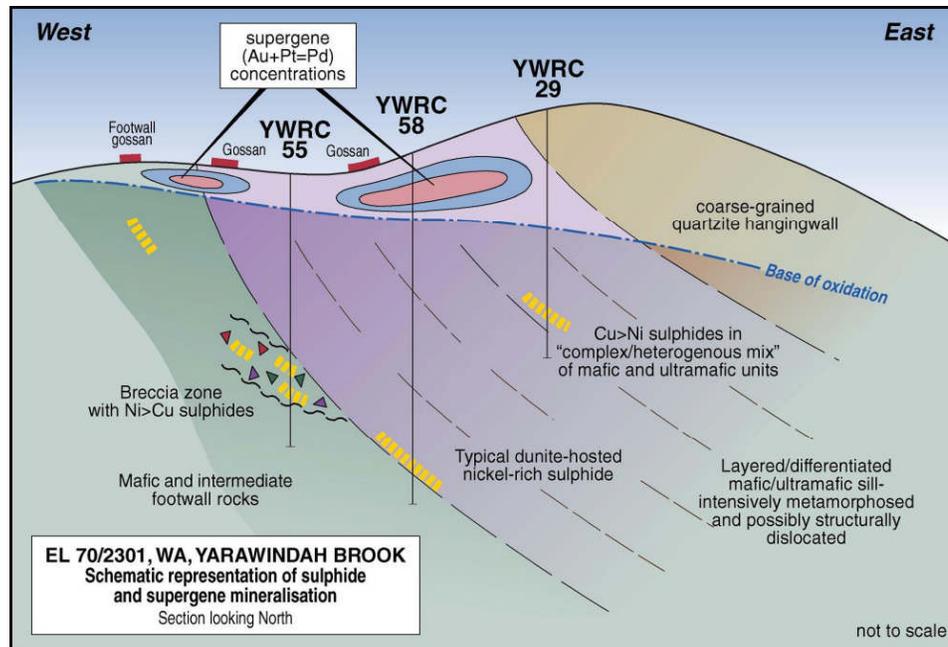


Figure 4. Possible relationships between sill and sulphide intersections.

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

*The information in this report is based on information compiled by Mr Peter Burger, exploration geologist for Washington Resources Limited.*

*Mr Burger has sufficient experience relevant to the style of mineralization and type of deposit under consideration and the activity that 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"). This report is issued with Mr Burger's consent as to the form and context in which the exploration results appear.*

## Gardiner-Tanami Uranium Exploration JV

During the quarter Washington announced its intention to combine its uranium assets with Polaris Metals NL, forming a new dedicated uranium company to be funded through an initial public offering ("IPO") and new listing on the ASX.

As announced on 11 May 2006, the new company, Northern Uranium Limited, will hold, amongst others, the uranium rights of Polaris and Washington in tenements held by them in Western Australia (WA) and the Northern Territory (NT). The priority focus will be on the tenements covering more than 8,500km consolidated by Polaris and Washington along the WA-NT border in the Granites-Tanami area (Gardiner-Tanami Super Project).

Pending the IPO capital raising Polaris and Washington are contributing loan funds equally to support Northern Uranium financially.

## **CORPORATE**

### Northern Uranium Limited

Northern Uranium Limited (ACN 119 966 353) was incorporated in May with two directors each nominated by Polaris and Washington making up a four member Board of Directors.

### Employee Share and Option Plans

During the quarter Washington's offers under its employee Share and Option Plans were accepted. Subsequently (after the end of the quarter), 920,000 shares were allotted and issued to employees and consultants at \$0.25 per share and loans for that purpose of \$230,000.00 in total were extended.

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.

No shares were issued to Directors of the Company, as the offers made under the Share Plan and the Option Plan to Directors were made subject to the receipt of shareholder approval.

The purpose of the grant of options and issue of shares under the Share and Option Plans is, amongst other things, to reward the recipients for their past performance and to provide long term incentives for participation in Washington's growth.

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, 30/9/2001.

Name of entity

Washington Resources Limited

ABN

58 097 532 137

Quarter ended ("current quarter")

30 June 2006

**Consolidated statement of cash flows**

Cash flows related to operating activities	Current quarter \$A'000	Year to date ( 12 Months ) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(113)	(579)
(b) development	-	-
(c) production	-	-
(d) administration	(105)	(567)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	55
1.5 Interest and other costs of finance paid	-	(25)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	(200)	(1,116)
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	(300)
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	-	(300)
1.13 Total operating and investing cash flows (carried forward)	(200)	(1,416)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(200)	(1,416)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	3,193
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(250)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
<b>Net financing cash flows</b>		-	2,943
<b>Net increase (decrease) in cash held</b>		(200)	1,527
1.20	Cash at beginning of quarter/year to date	1,810	83
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,610	1,610

**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	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**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

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

**Financing facilities available**

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

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+ See chapter 19 for defined terms.

	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	200
4.2 Development	
<b>Total</b>	<b>200</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	1,610	1,810
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	1,610	1,810

### 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			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

### 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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>				
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> (totals only)		
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### Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Company Secretary

Date: 28 July 2006

Print name: Bob Hair

### Notes

1 The 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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