

washington

Washington Resources Limited
ACN 097 532 137

Interim report
For the half-year ended
31 December 2008

Washington Resources Limited
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Washington Resources Limited

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Directors' report

Your directors present their report on Washington Resources Limited ("Washington" or the "Company") for the half-year ended 31 December 2008.

Directors

The following persons were directors of the Company during the whole of the half-year and up to the date of this report:

Mark Burchnell
Melissa Sturgess

Richard Jarvis was appointed a director on 1 December 2008 and continues in office at the date of this report.

Adrian Griffin and Grant Button were directors from the beginning of the financial year until their resignation on 1 December 2008.

Robert Hair and K. Scott Huntly were directors from the beginning of the financial year until their resignation on 27 October 2008 and 17 September 2008 respectively.

Review and results of operations

Operating Results

During the December 2008 half-year, the Company recorded a net loss of \$1,361,271 (2007: profit \$113,169).

Principal Activities

(a) Cash preservation strategy and strategic review of tenements

During the half-year, the Board decided to adopt and implement a general strategy of preserving capital during the current economic downturn, both in the interests of protecting shareholder value and in order to maximize cash available to the Company for potential future strategic acquisitions. In line with this strategy, the Board reviewed the Company's portfolio of tenements and its exploration expenditure commitments over the following 12 months and resolved both to surrender certain non-core tenements and to reduce the Company's exploration activities for the time being to a level consistent with applicable minimum statutory and contractual requirements, including in relation to its joint ventures with Northern Uranium Limited ("NTU") and Reedy Lagoon Corporation Limited ("RLC"). At the same time, it was resolved that the Company will continue to search for suitable acquisition opportunities that would add substantial value for Washington shareholders, particularly if and when economic conditions stabilize and improve.

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Directors' report (continued)

(b) Exploration activities at Kurundi, NT (Washington 100%)

Under its agreement with NTU, Washington retains rights in respect of the Kurundi tenements to all minerals other than uranium and phosphate, with NTU having rights to the former and being able to earn a 60% interest in the latter by sole funding a \$250,000 phosphate exploration programme. Should NTU earn that 60% interest, Washington may either contribute to maintain its 40% residual interest or elect to dilute to a 20% interest, allowing NTU to earn a further 20% through the completion of a pre-feasibility study or the expenditure of another \$1,000,000, whichever is the greater. If NTU reaches an 80% interest in phosphate rights on the Kurundi tenements then Washington may once again elect to contribute to maintain its 20% interest or elect to be diluted pro rata until NTU's interest reaches 90%, at which time Washington may elect to exchange its interest for a 2% royalty.

During the half-year, NTU announced that it had commenced on-ground exploration of phosphate potential at Kurundi, conducting geological reconnaissance and a review of airborne radiometric data to identify priority sites to sample for rock phosphate. It subsequently announced that surface sampling had confirmed phosphate potential within the tenements and had aided the definition of drill targets for 2009. According to NTU announcements, areas of outcrop in the eastern half of Kurundi exploration licence EL23937 were mapped and sampled during the half-year, with results subsequently received confirming the phosphatic nature of the strata, with up to 1% P₂O₅ in surface grab samples.

The northeastern part of the Kurundi tenement package lies within the Georgina Sedimentary Basin which hosts some major phosphate deposits, including Duchess and D Tree in Queensland and Alexandria, Alroy, Highland Plains and Wonarah in the Northern Territory.

(c) Other activities related to joint ventures and entities in which Company holds an interest

Northern Uranium Limited

The Company currently holds 10,000,001 shares (or 19.76% of the voting power) in NTU, as well as 1,000,000 options to acquire shares in NTU. The shares held by the Company in NTU were originally subject to a 24-month restriction agreement which commenced on 16 November 2006, the date that NTU was admitted to trading on the Australian Stock Exchange. The restriction period expired on 15 November 2008 (and the shares in question were admitted to trading on ASX on and from that date).

NTU's flagship project is the Gardiner-Tanami project, which comprises some 11,700sq km of granted tenements and tenement applications in the Granites-Tanami region that straddles the Western Australian and Northern Territory border. With respect to the ground on the Northern Territory side, an agreement exists whereby NTU holds the uranium rights and Washington retains residual rights to other minerals. No announcements of any significance were made by NTU in relation to this project during the half-year.

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Directors' report (continued)

During the half-year, NTU confirmed that it held an exclusive option to purchase a 95% interest in the historic Munadgee uranium mine located within the Kurundi project, approximately 100km southeast of Tennant Creek in the Northern Territory. NTU issued 20,000 shares to the tenement holder as part of the consideration for that option, having previously paid \$5,000 to secure a two-year option.

Reedy Lagoon Corporation Limited

Washington holds 4,000,000 shares in RLC, as a result of having sold its interest in the Bulla iron ore joint venture to RLC in 2007.

During the half-year, RLC made the following announcements in relation to its projects:

- Tanami (uranium, WA): radiometric and magnetic data compiled, evaluated and related back to known geology;
- Bullamine (iron ore, WA): commencement of drilling of iron ore targets – 13 hole RC drilling programme conducted (each to nominal depth of 60m).

KimCor Diamonds Plc

On 3 December 2008, KimCor Diamonds Plc ("KimCor") announced that it had concluded an agreement pursuant to which it would indirectly dispose of all its Southern African diamond and industrial assets to Belmont Mining Limited, in consideration of Belmont assuming liabilities associated with those assets and paying to KimCor an amount of GBP500,000. The agreement, which was subject to KimCor shareholder approval, became unconditional on 8 January 2009.

(d) Events subsequent to balance date

Apart from other events to the extent described elsewhere in this Directors' report, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect;

- (i) The Company's operations in future financial periods; or
- (ii) The results of those operations in future financial periods; or
- (iii) The Company's state of affairs in future financial periods.

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Directors' report (continued)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Dated at Perth this 12 day of March 2009

Signed in accordance with a resolution of the Directors.

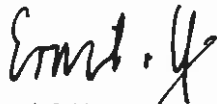


Mark Burchnell

Managing Director

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

In relation to our review of the financial report of Washington Resources Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized signature of the Ernst & Young logo, written in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R A Kirkby'.

R A Kirkby
Partner
Perth

12 March 2009

Washington Resources Limited

Income statement

For the half-year ended 31 December 2008

		Half-year	
	Note	2008 \$	2007 \$
Revenue from continuing operations			
Revenue - Interest income		81,033	153,132
Other income	3(i)	-	1,870,337
		81,033	2,023,469
Other expenses	3(ii)	(1,973,340)	(1,281,391)
Share of loss of an associate	3(iii)	-	(471,017)
		(1,973,340)	(1,752,408)
(Loss) / profit before income tax		(1,892,307)	271,061
Income tax benefit / (expense)		531,037	(157,892)
		(1,361,270)	113,169
		Net (loss) / profit attributable to members	113,169
		Cents per share	Cents per share
- basic (loss) /earnings per share		(2.67)	0.22
- diluted (loss) /earnings per share		(2.67)	0.21

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

Washington Resources Limited

Balance sheet

As at 31 December 2008

	Note	31 December 2008 \$	30 June 2008 \$
Current Assets			
Cash and cash equivalents		2,287,164	2,945,288
Trade and other receivables		303,695	123,806
Total Current Assets		2,590,859	3,069,094
Non-current Assets			
Plant and equipment		18,273	20,993
Available-for-sale-investments		1,720,005	735,425
Investment in an associated company	3(iii)	-	453,589
Exploration and evaluation expenditure		1,634,713	2,540,476
Total Non-current Assets		3,372,991	3,750,483
Total Assets		5,963,850	6,819,577
Current Liabilities			
Trade and other payables		59,613	79,844
Provisions		6,648	11,572
Total Current Liabilities		66,261	91,416
Non-current Liabilities			
Deferred tax liability		-	212,515
Total Non-current Liabilities		-	212,515
Total Liabilities		66,261	303,931
NET ASSETS		5,897,589	6,515,646
Equity			
Contributed equity		7,754,098	7,754,098
Reserves		1,663,027	919,813
Accumulated losses		(3,519,536)	(2,158,265)
TOTAL EQUITY		5,897,589	6,515,646

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

Washington Resources Limited Statement of changes in equity

For the half-year ended 31 December 2008

	Issued capital \$	Accumulated Losses \$	Option reserve \$	Employee Benefits Reserve \$	Net unrealised Gains (losses) Reserve \$	Total equity \$
At 1 July 2007	7,693,567	(435,583)	358,747	303,870	391,096	8,311,697
Net unrealised loss on revaluation of available-for-sale investments	-	-	-	-	(139,270)	(139,270)
Net income recognized directly in equity	-	-	-	-	(139,270)	(139,270)
Profit for the period	-	113,169	-	-	-	113,169
Total income and expense for the period	-	113,169	-	-	(139,270)	(26,101)
Equity Transactions						
Employee benefits reserve	-	-	-	182,783	-	182,783
Issue of share capital	50,000	-	-	-	-	50,000
At 31 December 2007	7,743,567	(322,414)	358,747	486,653	251,826	8,518,379
At 1 July 2008	7,754,098	(2,158,265)	356,386	486,653	76,774	6,515,646
Unrealised gain on revaluation of available-for-sale investments, net of tax	-	-	-	-	819,988	819,988
Adjustment due to impairment of available-for-sale investments, net of tax	-	-	-	-	(76,774)	(76,774)
Net income recognized directly in equity	-	-	-	-	743,214	743,214
Profit (loss) for the period	-	(1,361,271)	-	-	-	(1,361,271)
Total income and expense for the period	-	(1,361,271)	-	-	743,214	(618,057)
At 31 December 2008	7,754,098	(3,519,536)	356,386	486,653	819,988	5,897,589

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

Washington Resources Limited

Cash flow statement

For the half-year ended 31 December 2008

	Half-year	
	2008	2007
	\$	\$
Cash flows from operating activities		
Interest received	81,031	153,133
Payments to suppliers and employees	(547,339)	(730,629)
Payments for exploration and evaluation	(45,745)	(153,566)
	(512,053)	(731,062)
Cash flows from investing activities		
Payments for plant and equipment	-	(1,359)
Payments for available-for-sale investments	-	(343,643)
Proceeds from sale of available-for-sale investments	-	1,800,000
Payment of loan to other entity	(146,071)	-
Payment of investment costs	-	(374,544)
	(146,071)	1,080,454
Cash flows from financing activities		
Proceeds from issue of shares	-	50,000
	-	50,000
Net (decrease) / increase in cash and cash equivalents	(658,124)	399,392
Cash and cash equivalents at beginning of period	2,945,288	3,824,915
	2,287,164	4,224,307

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

Washington Resources Limited

Notes to the financial statements

For the half-year ended 31 December 2008

1 Basis of preparation of half-year report

This general purpose condensed financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of obligations of the *ASX listing rules* and the *Corporations Act 2001*.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in Accounting Policy

Since 1 July 2008 the Company has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company.

- AASB 2008-10 Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)
- Interpretation 12 and AASB 2007-2 Service Concession Arrangements and consequential amendments to other Australian Accounting Standards
- Interpretation 129 Service Concession Arrangements: Disclosures
- Interpretation 4 (revised) Determining whether an arrangement contains a lease
- Interpretation 13 Customer Loyalty Programmes.
- Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The Group has not elected to early adopt any new standards or amendments.

Washington Resources Limited

Notes to the financial statements

For the half-year ended 31 December 2008

2 Segment information

The Company operates in one business segment, being the mineral exploration business and one geographical area, being Australia.

3 Profit for the half-year

Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:

	Half-year	
	2008	2007
	\$	\$
(i) Other income		
Profit on sale of available-for-sale investments	-	1,760,000
Profit on deemed disposal of associate company	-	110,337
	-	1,870,337
(ii) Other expenses		
Other expenses include the following whose disclosure is relevant in explaining the performance of the company		
Cost of share based payments	-	182,783
Impairment loss on available for sale investment (a)	530,743	380,000
Write off of exploration expenditure (b)	863,823	4,178

(a) The impairment loss arose from the mark to market of the company's available for sale assets.

(b) The impairment loss arose following a full review of the Company's portfolio of tenements and its exploration expenditure commitments over the following 12 months

(iii) Share of loss of an associate

The company previously accounted for its 19.76% interest in Northern Uranium Limited using the Equity Method of Accounting applied to an investment in an Associate. This was due to there being Directors in common between the two entities. As from 1 December 2008 this is no longer the case. This investment is now treated as an available for sale investment.

4 Dividends

No dividends were paid or proposed during the period (2007: nil).

Washington Resources Limited

Notes to the financial statements

For the half-year ended 31 December 2008

5 Equity securities issued

	Half-year	
	2008 Number	2007 Number
Movements in shares on issue		
Beginning of the financial period		
- Ordinary shares	51,051,366	50,815,326
- Employee share plan shares on issue	3,870,000	2,070,000
Exercise of 28 February 2008 Options	-	200,000
Allocation of Employee Share Plan shares	-	1,800,000
End of the financial period	54,921,366	54,885,326

6 Contingencies

There are no contingent assets or liabilities.

7 Events occurring after the balance sheet date

The value of the company's investment in Northern Uranium Limited has decreased by \$605,000 since balance date to \$1,020,000 as at 6 March 2009.

Apart from other events to the extent to which are described elsewhere in this report, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to effect;

- (i) The Company's operations in future financial periods; or
- (ii) The results of those operations in future financial periods; or
- (iii) The Company's state of affairs in future financial periods.

Washington Resources Limited
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Directors' declaration

In accordance with a resolution of the directors of Washington Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half year ended on that date of the Company; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board,



Mark Burchnell

Managing Director

Perth
12 March 2009

To the members of Washington Resources Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Washington Resources Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the company.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Washington Resources Limited during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Washington Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'R A Kirkby'.

R A Kirkby

Partner

Perth

12 March 2009