

# washington

2 November 2007

Dear Shareholder

Washington Resources Limited will convene the 2007 AGM on 23<sup>rd</sup> November 2007 at 10:00am. This is to be held at the Holiday Inn City Centre, 778-788 Hay Street, Perth WA 6000. If you have not received notice of that meeting, the details can be found on our website [www.washingtonresources.com.au](http://www.washingtonresources.com.au)

The year 2007 produced some significant results for your company and, in an effort to keep you apprised of Washington's progress, we have produced a summary brochure which distills the highlights of the period.

The resources boom has certainly created challenges for explorers, with geophysical contractors, laboratories, and drilling rigs providing services in which demand out-strips supply. Unfortunately, this places enormous pressure on scheduling and completion of exploration programmes. Despite this we have managed to complete considerable evaluation work at Yarawindah Brook (WA), resulting in identification of polymetallic mineralization and the establishment of further targets on what is interpreted to be massive sulphides.

Preliminary work in the Northern Territory has confirmed the validity of iron oxide copper gold mineralization and established drill sites to investigate this style of mineralization. Extensive alteration halos around historic workings within the Mosquito Creek Tungsten Field (Hill of Leaders) have proved to contain tungsten mineralization. I am pleased to announce, that we have been fortunate to obtain the services of a drilling contractor and drilling has recently commenced. We should see the first results forthcoming in a few weeks.

Drilling within geochemically anomalous areas near the Munadgee uranium deposit, about 5km from the Hill of Leaders, by Northern Uranium Limited (in which Washington is a substantial shareholder) is scheduled to follow on from our preliminary drilling of the nearby tungsten deposits. Washington retains the rights to non-uranium deposits that may be discovered in this area by Northern Uranium Limited's exploration.

I would like to encourage you to attend the AGM and thank you for your support as a shareholder.

Yours sincerely

**Adrian Griffin**  
Chairman and Managing Director

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



# ESCALATING METALS PORTFOLIO 2007

Hill of Leaders tungsten  
Kurundi iron oxide-copper-gold  
Yarawindah Brook polymetallic deposit  
Tenements prospective for uranium applied for  
Substantial shareholding in Northern Uranium Limited  
Major shareholding in Reedy Lagoon Corporation Limited



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# 2007 – THE YEAR IN SUMMARY

This year, Washington Resources Limited ('Washington' or 'the Company') increased the value of its asset base through successful exploration and corporate development of its mineral resource projects. Details are as follows.

- **Continued exploration for base-metal prospectivity at Yarawindah Brook polymetallic project** – more than 1650 metres of strike identified, characterised by massive sulphide shoots within a low-grade, disseminated sulphide zone. The sulphides contain nickel, copper, cobalt and platinum group elements ('PGE'), with repetitions of the mineralised zone anticipated.
- **Reconnaissance exploration at Hill of Leaders** (also known as Mosquito Creek) **tungsten deposit identifies broad alteration zone** around high-grade veins historically mined in the area – alteration zone shows pervasive tungsten, bismuth, molybdenum and tin mineralisation.
- **Six new exploration licences applied for** in Western Australia's Archaean Yilgarn Craton, in areas prospective for uranium mineralisation.
- **Discovery of iron oxide-copper-gold ('IOCG') targets at Kurundi.**
- **Incorporation and float of Washington's core uranium assets provides 20.9% interest in ASX-listed Northern Uranium Limited ('NTU')** – the NTU float successfully attracted French nuclear group Areva NC, one of the world's largest nuclear corporations. The Company has retained the non-uranium mineral rights to the projects it contributed to the NTU float. Subsequent exploration by NTU has identified anomalous copper, gold and bismuth mineralisation similar in style to the Tennant Creek mineral field.
- **Disposal of Washington's interest in Johannesburg-listed Sallies Limited and sale of options in NTU** generated more than \$3.8 million.
- **A further \$1.1 million raised** through private placement.
- **Washington's interest in Bulla iron-ore joint venture vendored into Reedy Lagoon Corporation Limited ('RLC') float** – the Company retains an 8.4% interest in the listed vehicle.



# WASHINGTON PROJECT LOCATIONS

Washington maintains mineral exploration projects in Western Australia and the Northern Territory, as shown below.

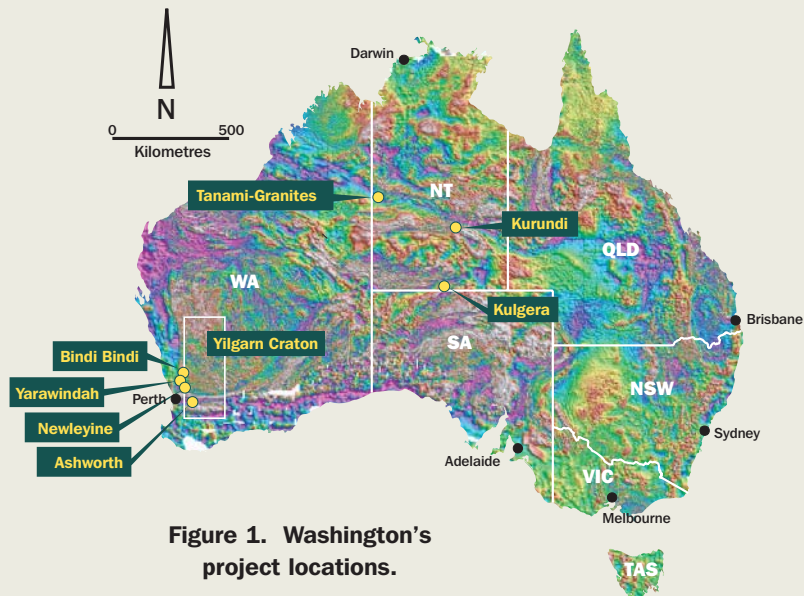


Figure 1. Washington's project locations.



# WESTERN AUSTRALIAN PROJECTS

Washington's Western Australian projects – comprising Bindi Bindi, Yarawindah Brook, Newleyine and Ashworth – lie within the Jimperding Igneous Complex (Figure 2).

The Company's primary focus is Yarawindah Brook, where widespread nickel-copper-cobalt-PGE mineralisation has been identified.

To the north, at Bindi Bindi, historic drilling has documented sulphide mineralisation, which appears similar to that at Yarawindah Brook.

Newleyine and Ashworth contain mafic/ultramafic igneous rocks with affinities to those at Yarawindah Brook. In the past, base-metal mineralisation has been recorded, some of it associated with the presence of banded iron formations ('BIF'). Not only do these BIF have a spatial relationship with some of the base-metal mineralisation but they are also the locus of potential iron-ore deposits, particularly within the Newleyine project area.

Vending of the iron potential of the Newleyine licences formed the basis of Washington's substantial interest in the float of RLC in June 2007.

Recently, the Company lodged applications for exploration licences in the Archaean Yilgarn Block of Western Australia. This was done on the basis of data generated by the Commonwealth Scientific and Industrial Research Organisation ('CSIRO'), which showed anomalous uranium and/or thorium within the ground applied for by Washington.



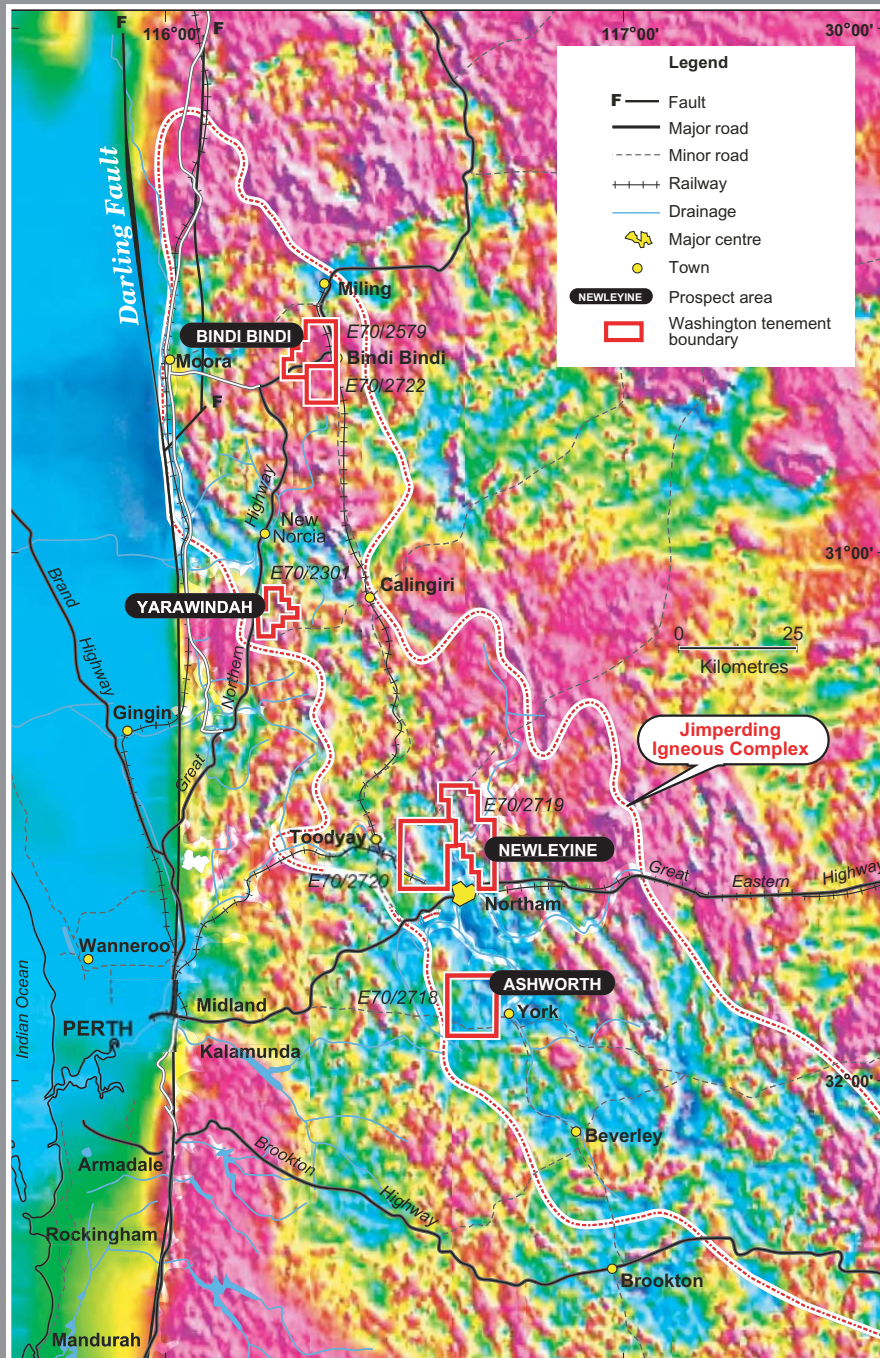


Figure 2. Washington's primary focus at present is its Yarawindah Brook Project in the Jimperding Igneous Complex, the boundary of which is shown above on this regional magnetic intensity image.



# NORTHERN TERRITORY PROJECTS

Washington's projects in the Northern Territory are divided into three geographical areas – Granites/Tanami, Kurundi and Kulgera (Figure 3).

Within Granites/Tanami, the Company's uranium rights formed the basis of its >20% interest in the float of NTU. To date, NTU has managed most of the work undertaken within this area, with that work specific to uranium.

To date in the Northern Territory, Washington has focused on Kurundi, where historic mining operations at the Hill of Leaders (also known as Mosquito Creek) targeted tungsten mineralisation.

At Kulgera, the Company has undertaken a limited amount of reconnaissance, with further fieldwork planned for the coming year.





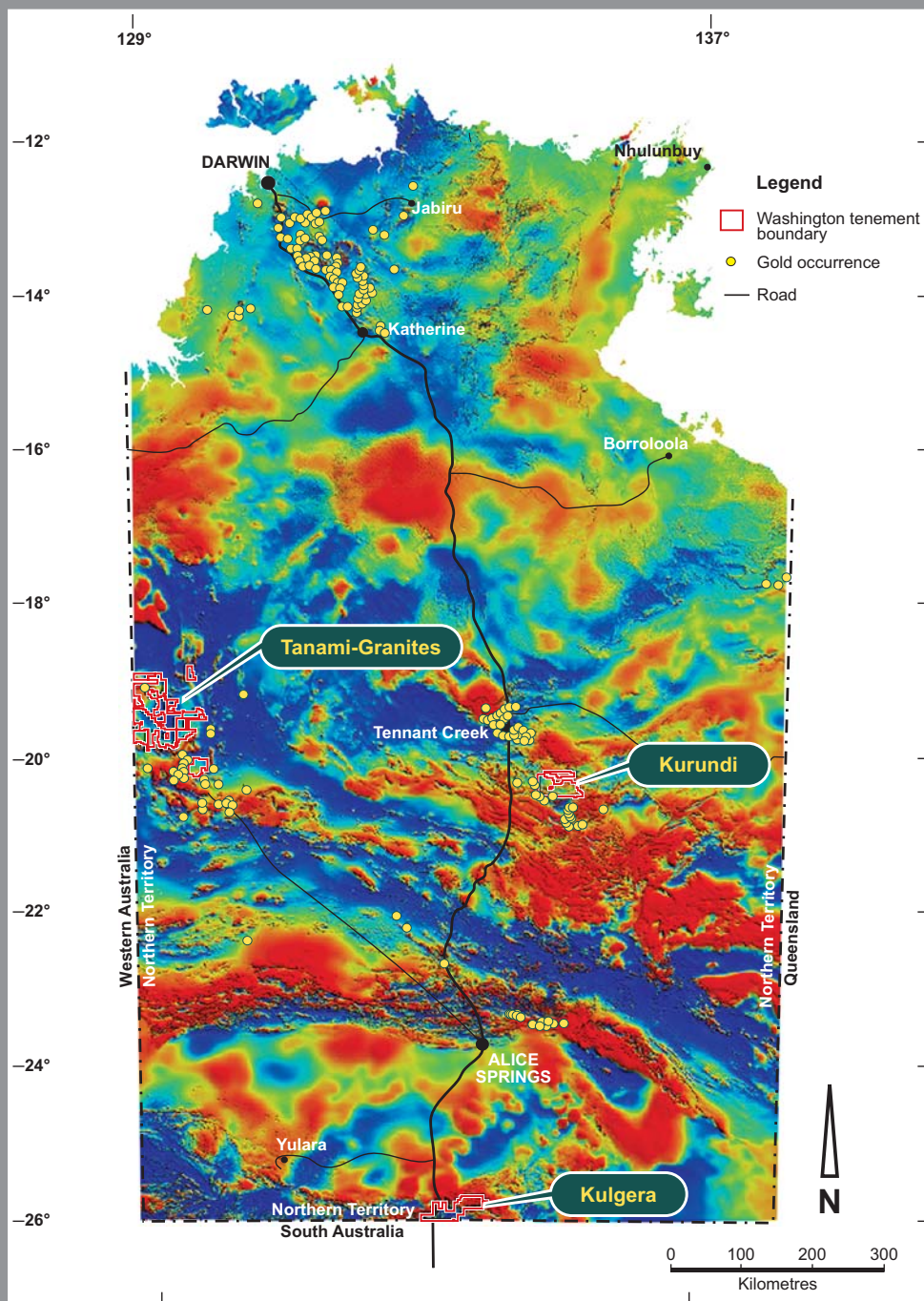


Figure 3. Location of Washington's projects in the Northern Territory.





# YARAWINDAH BROOK (WA)

At the Company's Yarawindah Brook Project (Washington 80%), located 135 kilometres north of Perth, historic exploration of identified nickel and copper mineralisation established an Inferred Resource of 79,000 ounces of PGE.

Washington's drilling at Yarawindah Brook has identified an extensive zone of disseminated, polymetallic mineralisation, within which the higher grades are associated with small massive sulphide shoots. This project has the potential to host a low-grade metal sulphide deposit of large tonnage.

The Company has focused its exploration effort along the mineralised contact between sediments and overlying mafic/ultramafic rock units. Although only a small proportion of that target contact zone is actually exposed, by way of erosion 'windows' in the overlying laterite/bauxite cover, strong magnetic and electrical responses allow the target zones to be traced below that cover.

Modelling of the geophysical data suggests that the longest continuous strike of the contact zone is approximately 7 kilometres, of which only 1650 metres have been subject to drilling (Figure 4).



Both surface and down-hole electromagnetic (DHEM) surveys have been used to further evaluate Yarawindah Brook's potential, based on the known signatures of mineralisation penetrated by the Company's drilling. Numerous off-hole conductors, interpreted to be additional massive sulphide bodies, have been detected by these surveys. A further 15 drill-holes are necessary to test these conductors, which are clustered in five zones along the 1650 metres of contact already drill-tested.

Washington believes there is good potential for further mineralisation along strike. In addition, duplication of the geophysical signature of the target suggests that repetitions are likely to the west of the sections drilled to date. Of the four zones of interest that meet the appropriate criteria, one has been the subject of preliminary geochemical surveys, with results indicating anomalous base metals and PGE.





Significant drill intersections at Yarawindah are as follows.

Bore	Local grid		From (m)	To (m)	Interval (m)	Assays					
	North	East				Au (ppb)	Pt (ppb)	Pd (ppb)	Ni (%)	Co (ppm)	Cu (%)
YWRC29	10850	10000	45	47	2	22	15	302	0.67	647	1.47
YWRC55	10550	9950	32	35	3	35	16	312	1.13	843	0.61
			37	39	2	9	19	286	1.57	1163	0.9
YWRC58	11000	9900	35	39	4	118	39	116	2.12	1453	0.76
YWRC 77	9700	10200	70	72	2	2	2	40	0.88	690	0.33
			93	94	1	21	4	35	0.23	203	1.97
YWRC 83	9350	10500	74	75	1	11	1	515	1.46	643	0.15
			77	81	4	15	1	527	1.67	739	0.29
			inc. 78	79	1	13	1	593	2.89	1274	0.54
YWRC 85	9350	10550	82	83	1	7	2	207	0.18	198	1.12
			90	93	3	27	5	143	0.13	931	0.51
			incl. 90	91	1	22	7	145	2.27	1585	0.29
YWRC 86	9450	10550	91	92	1	9	5	196	2.55	1479	0.25
			130	131	1	8	<1	205	0.76	575	0.36
			135	136	1	31	1	219	0.33	261	1.07
			145	146	1	35	2	226	0.12	132	1.17
YWRC94	10850	10050	48	49	1	7	3	94	0.86	429	0.34
			60	61	1	1	<1	88	0.48	337	1.52
			76	79	3	6	6	617	0.73	434	0.52
			incl. 76	77	1	7	<1	1196	1.23	735	0.04
YWRC100	10700	10350	92	95	3	254	137	829	0.03	197	1.11
YWRC101	10750	10350	79	80	1	76	44	909	0.16	142	0.92
			98	101	3	30	13	418	0.47	285	1.12



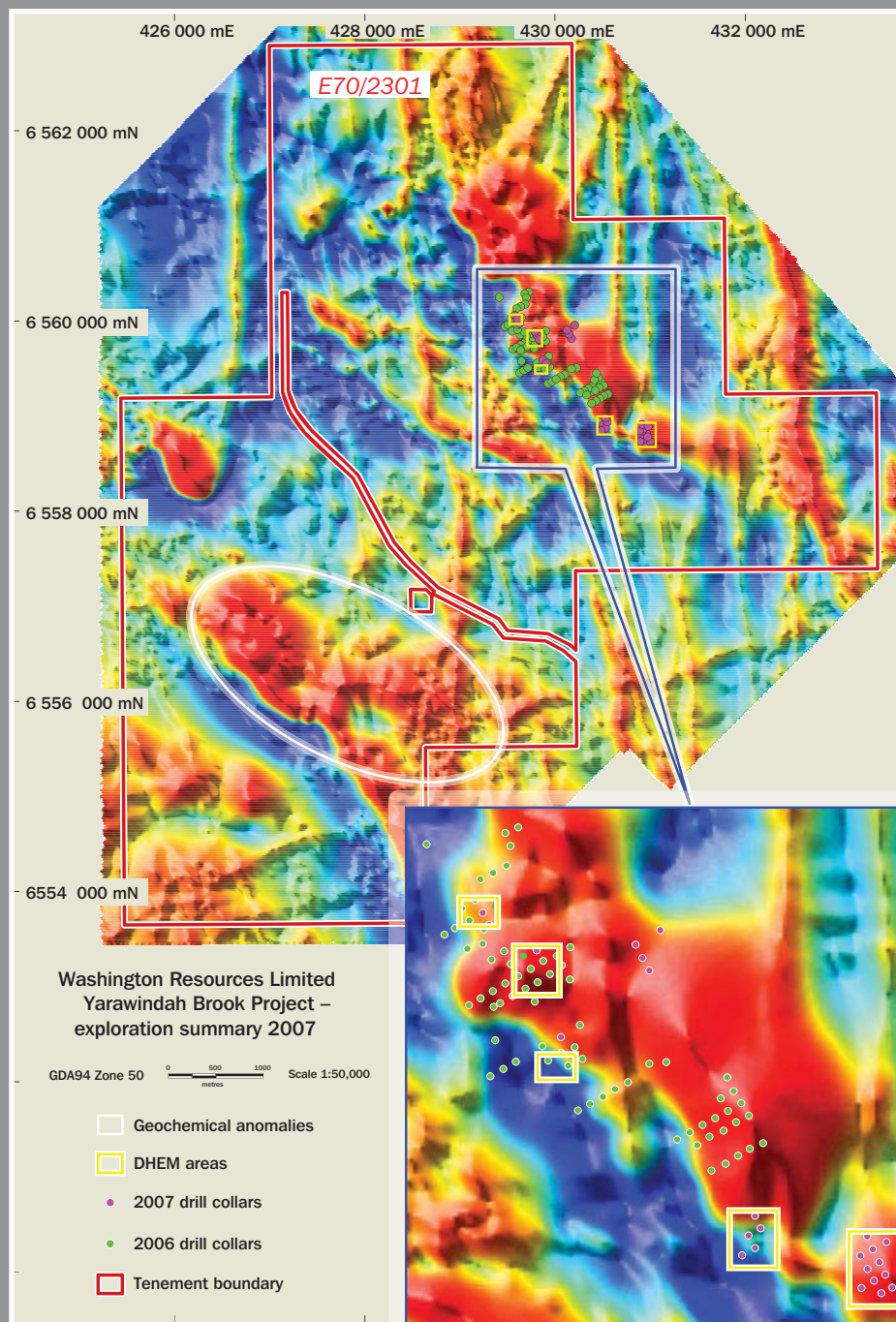


Figure 4. Total magnetic intensity image of Yarawindah Brook, outlining the prospective mineralised contact.



# NEW URANIUM PROSPECTS (WA)

The Company has applied for six exploration licences in the western Yilgarn Craton of Western Australia, over ground prospective for uranium mineralisation (Figures 5 & 6).

Covering an area of more than 2949 square kilometres in total, the applications were made on the basis of research by the CSIRO, the results of which were released in 2007.

The CSIRO database consists of a 53-element data set for approximately 3150 laterite samples designed to indicate broad geochemical dispersion patterns arising from mineralised systems. On the basis of the geochemistry, uranium is the principal target; however, the regional geology is also prospective for other commodities.

All known uranium deposits exhibit clear spatial relationships with uranium-enriched bedrocks. Washington has analysed the distribution of uranium and thorium assays in the CSIRO database, to delineate areas of uranium-enriched felsic igneous rocks.

Based on the CSIRO survey, broad, high concentrations of uranium appear in the central part of the area researched, with generally low abundances in the southeast and the north. It is in the central zone that the Company has applied for tenure. In so doing, it is targeting



regional trends in areas where assays are generally greater than 10 parts per million of uranium (more than twice the average for felsic igneous rocks).

Two of Washington's applications are for exploration licences in granite gneiss terrain west-southwest of Merredin, over areas of anomalous thorium concentrations (Figure 6).

The western Yilgarn Craton contains source rocks with high levels of uranium in areas of much younger, Miocene-Pliocene paleo-drainage systems that may provide suitable depositional environments for concentrations of uranium mineralisation.

On grant of the tenements, the Company can obtain and interpret all the available geophysical data, in order to better understand the distribution and morphology of these paleo-drainage systems. Sampling and testing for uranium mineralisation, using rotary air-blast and aircore drilling, will then be undertaken.



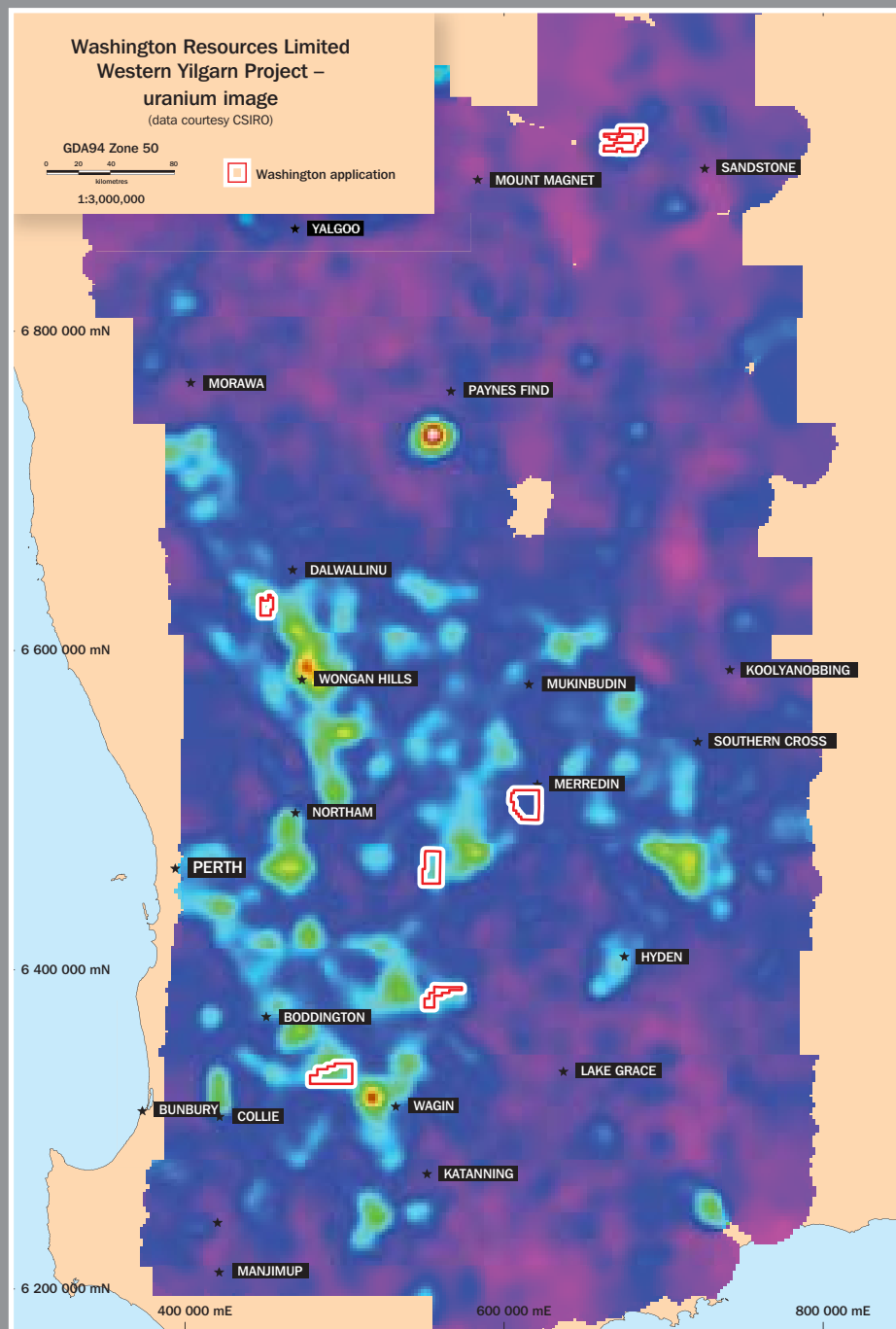


Figure 5. Location of Washington's tenement applications with respect to uranium anomalies.

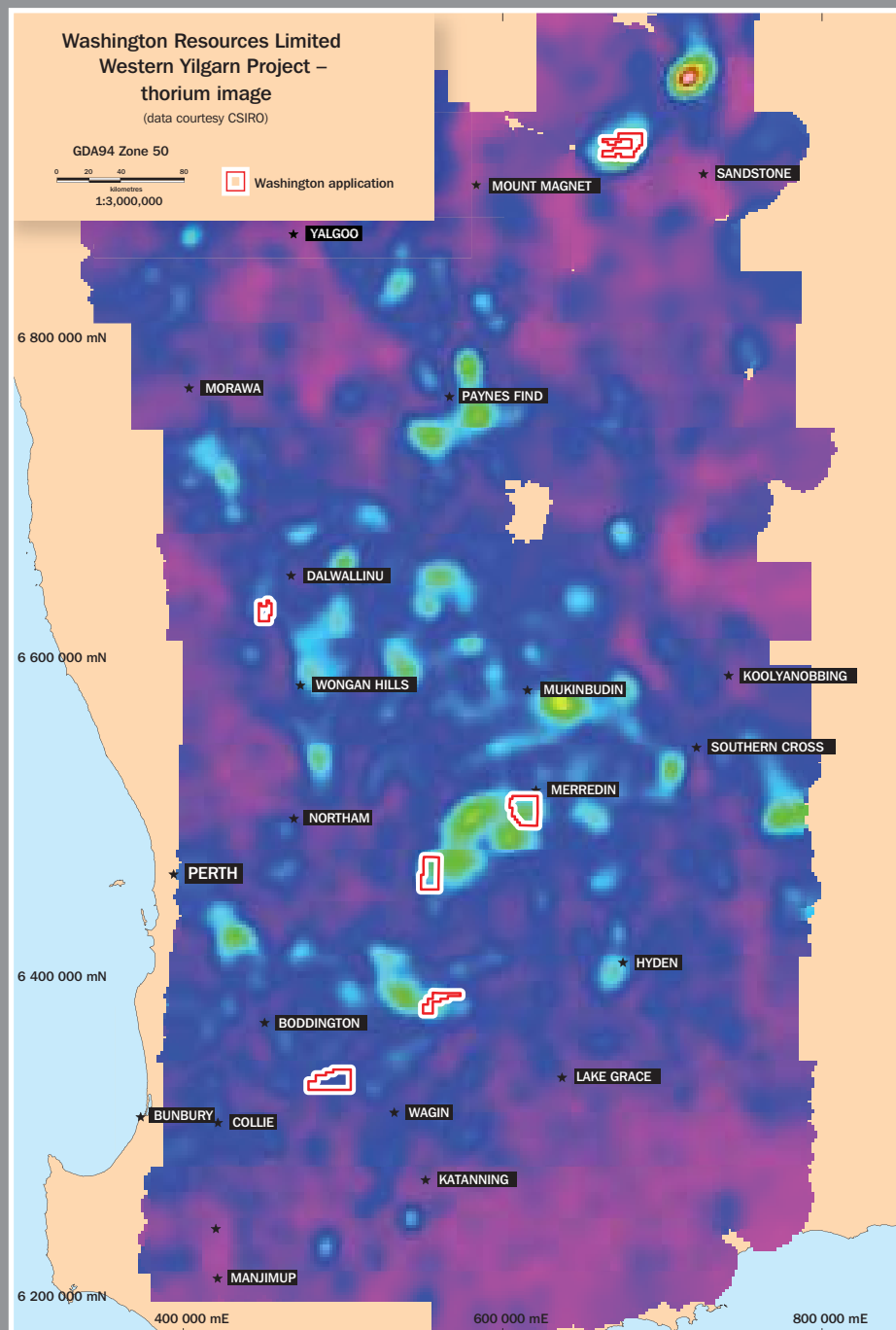


Figure 6. Location of Washington's tenement applications with respect to thorium anomalies.



## KURUNDI (NT)

At Washington's Kurundi Project – which lies close to the Stuart Highway, approximately 80 kilometres south of Tennant Creek – base-metal mineralisation is associated with veining and alteration within the Hill of Leaders Granite.

Reconnaissance exploration around the Hill of Leaders (also known as Mosquito Creek) tungsten deposit has demonstrated that the mineralisation is not restricted to the high-grade, narrow-vein systems already exploited by small-scale surface and underground mining. In fact, the vein swarms are surrounded by pervasive alteration that contains tungsten, along with copper, bismuth molybdenum and tin.

In addition to the Company's tungsten exploration at the Hill of Leaders, NTU has been exploring for uranium about 6 kilometres to the southwest of the project area, in the vicinity of the historic Munadgee uranium mine (see Figure 7).

A Uranium Tenements and Uranium Rights Assignment Deed drawn up between Washington, NTU, Polaris Metals NL and Eclipse Minerals P/L governs the uranium rights pertaining to the project. Under the terms of that deed, NTU maintains a priority right to any mineral deposits where the potential commercial value of the uranium constitutes more than 40%.



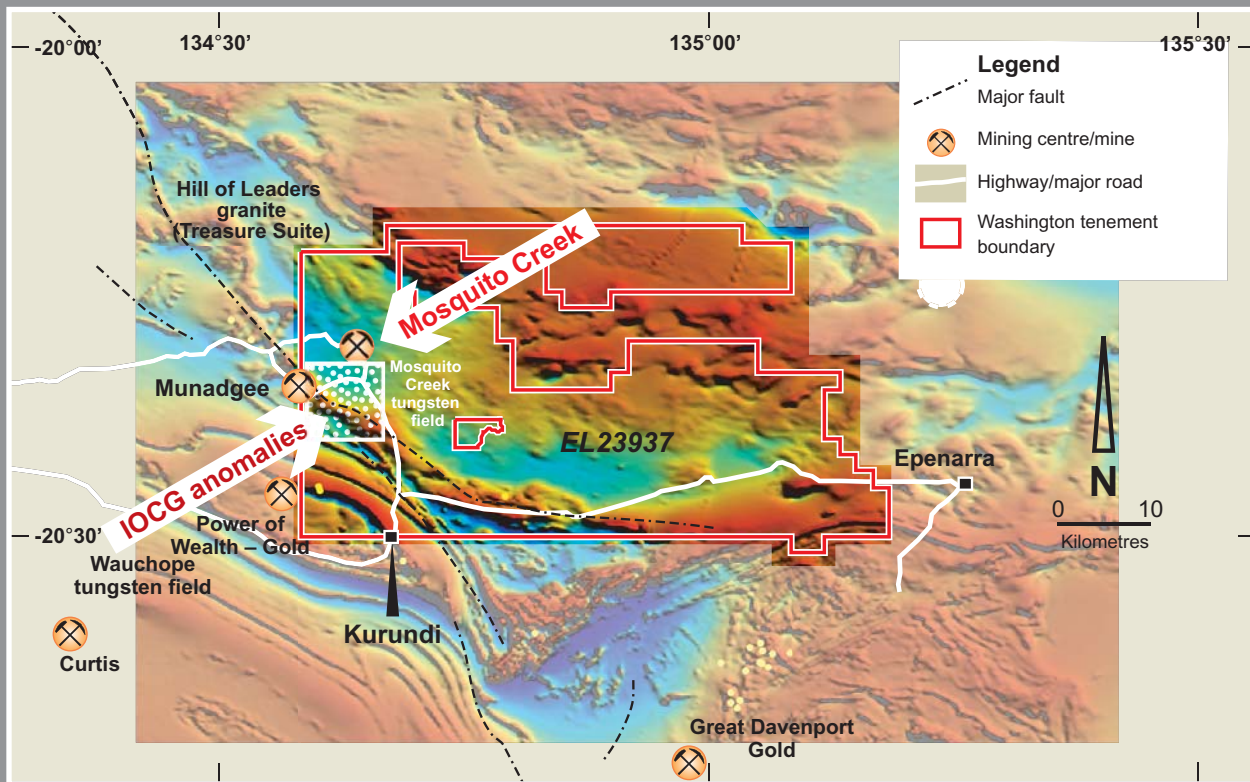


Figure 7. Washington's Kurundi prospect showing magnetic target horizons.



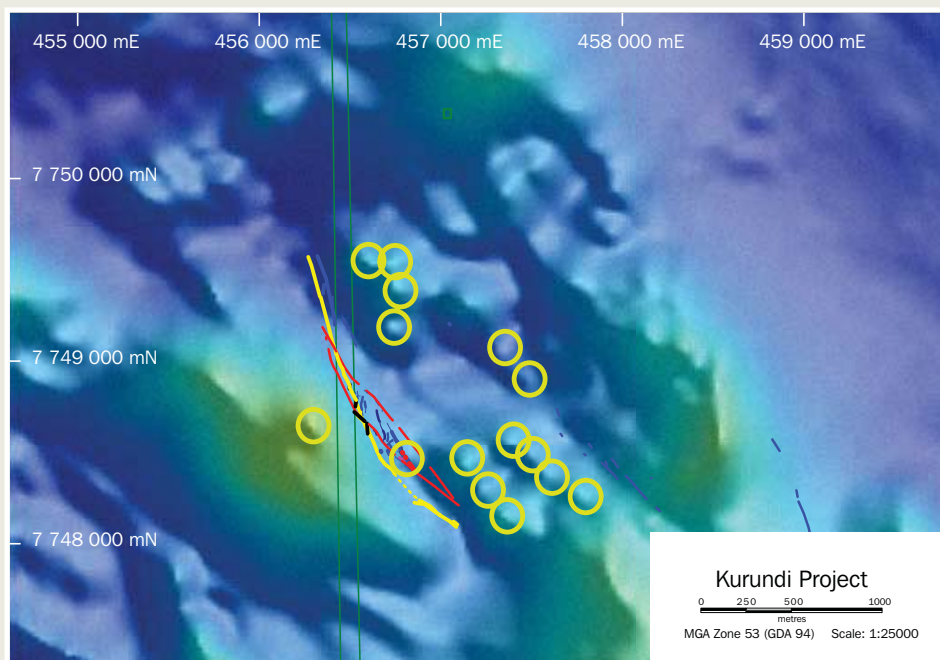
Earlier this year, NTU commissioned geological consultants CSA Australia Pty Ltd to examine the controls on uranium mineralisation, utilising geological mapping, aeromagnetic interpretation, structural analysis and multi-element geochemistry. Investigations focused on outcrop close to the Munadgee mine, over an area of approximately 5 by 5 kilometres to the east and southeast of the historic workings. In all, 24 rock-chip samples were taken and submitted for multi-element analysis. The areas sampled exhibited brecciation and wide-spread quartz and hematite veining, as well as, in some cases, anomalous bismuth and gold (up to 4.5 grams per tonne). In certain locations, copper carbonate was also observed as thin coatings on joint planes. Areas of anomalous metal values are characterised by strong quartz/hematite veining.

The association of hydrothermal hematite, anomalous gold and copper within the Warramunga Group is characteristic of the Tennant Creek mineral field, which lies 80 kilometres to the north of Kurundi and within which IOCG deposits have been exploited since the 1930s. At Munadgee, a Tennant Creek-style IOCG analogy has been interpreted, based primarily on the large amount of hematite alteration and veining seen in the region, as well as the presence of Warramunga Group volcanics at this location and an apparent gold-copper-bismuth association.

It is the high specific gravity of both hematite/magnetite and copper relative to surrounding lithologies that provides adequate contrast for gravity surveys, a prospecting technique used successfully in many of



the terrains that host IOCG deposits. The fact that mineralisation is often hosted within magnetite-rich bodies is significant, as aeromagnetic data can be employed in conjunction with gravity to define and rate targets. Results of a detailed aeromagnetic survey by Washington at Kurundi show a swarm of ‘bullseye’ magnetic anomalies within the Warramunga sediments, below surficial cover and adjacent to outcrop with hematite veining and geochemical anomalism characteristic of the Tennant Creek IOCG deposits (Figure 8). Given the likely style of mineralisation (that is, non-uranium), the Company will schedule gravity and/or drilling programs to evaluate these targets.



**Figure 8. Location of bullseye magnetic anomalies at Kurundi.**



# CONCLUSION

Washington's corporate restructuring of its assets, as well as the sale of its interests in listed companies, has generated substantial cash flow.

At its polymetallic Yarawindah Brook deposit, the Company has made significant progress towards defining a resource, and has utilised the data generated during that exploration to both enhance its geological models and develop new targets. Geochemical and geophysical indications support the likelihood of further repetitions of the mineralisation.

In the Archaean Yilgarn Craton, also within Western Australia, Washington has applied for six tenements over ground considered prospective for uranium on the basis of CSIRO research.

With respect to Kurundi in the Northern Territory, tungsten exploration at the Hill of Leaders indicates the potential for disseminated mineralisation within alteration halos that envelop the narrow, historically mined high-grade vein systems, while bismuth and molybdenum anomalism indicates the potential for other extractable metals.





Meanwhile, the Company's iron-ore interests are being progressed through its shareholding in RLC.

Similarly, most of the Company's uranium upside is vested in NTU. The latter's exploration has already proved beneficial to Washington at Kurundi, in that gold-bismuth-copper anomalism – associated with hydrothermal hematite mineralisation that is similar in style to the nearby Tennant Creek mineral field – has been identified there.

Washington continues to add value to its existing assets, and will assess further opportunities as they are presented.





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