

WASHINGTON RESOURCES LIMITED (ASX: WRL)

HIGHLIGHTS

Operations:

- **Continued encouragement at Yarawindah Brook (Washington 80%)**

Corporate:

- **Northern Uranium ASX float advances**
 - **Sale of Sallies shares results in cash inflow**
 - **920,000 shares allotted and issued under Share Plan (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.

The Company made two announcements during the quarter (18 July 2006 and 19 October 2006) about the progress of exploration at Yarawindah, which continues to be encouraging.

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.

On 15 September 2006, the Company and Polaris Metals NL jointly announced that a Prospectus dated 14 September 2006 had been lodged with the Australian Securities and Investment Commission for the issue of up to 20,000,000 shares at 20¢ per share in the Initial Public Offer ("IPO") of Northern Uranium to raise up to \$4,000,000.

Polaris and Washington will each retain a 25% interest in Northern Uranium following the completion of the IPO, and Polaris and Washington shareholders were offered a Priority Entitlement.

Sale of Sallies shares

Further to the announcement of 14 August 2006, Washington received approximately A\$2.85 million cash (net of costs) as a result of the sale of its investment in Johannesburg-listed fluorspar miner, Sallies Limited. This brings the total cash reserves of the Company to approximately A\$4 million, placing Washington in a strong position to develop its current projects and aggressively pursue other value enhancing opportunities for shareholders.

The Directors of the Company are actively assessing a number of near term cash generating resources projects in Africa and elsewhere and will keep shareholders informed as progress is achieved.

Employee Share and Option Plans

During the quarter 920,000 shares were allotted and issued to employees and consultants under the Share Plan 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 any 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 September 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 Months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(110)	(110)
(b) development	-	-
(c) production	-	-
(d) administration	(178)	(178)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(274)	(274)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	(100)	(100)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	2,853	2,853
(c)other fixed assets	-	-
1.10 Loans to other entities	(44)	(44)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	2,709	2,709
1.13 Total operating and investing cash flows (carried forward)	2,435	2,435

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	2,435	2,435
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	2,435	2,435
1.20	Cash at beginning of quarter/year to date	1,610	1,610
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,045	4,045

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	(54)
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.

+ 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	
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,045	4,045
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	4,045	4,045

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	E24995 Grant of licence	nil	100%

+ 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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities				
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	920,000	Nil		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

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7.12	Unsecured notes (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 give a true and fair view of the matters disclosed.

Sign here:


(Company secretary)

Date: 27 October 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.

+ See chapter 19 for defined terms.