



washington

1 December 2006

Dear Washington shareholder,

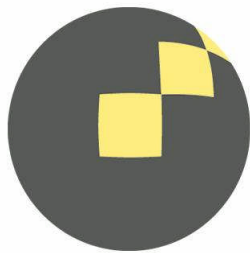
Attached for your information is a copy of the address that I made to the Company's annual general meeting yesterday, along with a copy of a brochure describing the exploration to date and the current geological thinking in relation to the Company's Yarawindah Brook project (EL 70/2301 -Washington holding 80% and operator).

I urge all Washington shareholders to read these documents, which I am sure you will find very interesting.

Yours faithfully
Washington Resources Limited

Adrian Griffin
Chairman and Managing Director

For further contact, please ring Adrian Griffin on 0418 927 658



washington

WASHINGTON RESOURCES LIMITED

ACN 097 532 137

ADDRESS OF CHAIRMAN AND MANAGING DIRECTOR

30 November 2006

I welcome the members of Washington Resources who have attended here today, at the second annual general meeting of the Company since the Company was admitted to the ASX Official List on Monday, 14 November 2005 and commenced trading on Thursday 17 November 2005.

During the year since listing, the Company's principal achievements have been:

- Advancement of exploration at the Company's Yarawindah Brook project (Washington holding 80% and operator);
- Pro-rata entitlements issue, whereby shareholders had the opportunity of purchasing four options (25 cents, expiring 2009) for every five shares held;
- Exercise of the option to acquire shares in Sallies Limited and the subsequent sale of those shares (taking advantage of a significant rise in that company's share price) and thereby realising just under \$3 million after costs;
- Entry into a joint venture with Polaris Metals NL to combine the two companies' uranium exploration assets in Western Australia and the Northern Territory and the

WASHINGTON RESOURCES LIMITED

subsequent formation and successful IPO and ASX listing of Northern Uranium Limited in November 2006;

- o Formation of a joint venture with Reedy Lagoon Corporation Limited to explore for iron ore on Exploration Licence Applications 70/2719 and 70/2720.

Shareholders will tomorrow be sent a copy of an explanatory brochure in respect of exploration at Yarawindah Brook. You will see from the brochure that it is the Company's belief that only a small part of the rock units prospective for nickel-sulphide mineralization has been drill tested. Within the EL (EL 70/2301), Washington has made three significant drill intersections of nickel/copper-sulphide mineralization and located two prominent geophysical anomalies characteristic of massive sulphide mineralization.

It is worthwhile noting that the Company's two corporate investments during the past year (exercise of the Sallies options, plus the floating of Northern Uranium) have been very successful. Washington issued 8,858,320 shares to purchase the Sallies shares, which it later sold for approximately A\$2.85 million cash (net of costs). Washington holds 10 million shares in Northern Uranium, which since its initial quotation on 15 November 2006 has traded in or around 40 cents per share or more.

The Company has over \$4 million in cash reserves and is well-placed to take advantage of any opportunities to improve shareholder return, and the board and management are actively pursuing such potential opportunities (including through Washington's strategic alliance with Dwyka Diamonds Limited).

Shares were issued to employees and contractors during the year under the terms of the Washington Share Plan, which was described in the Company's IPO prospectus. No shares or options have been granted to directors under the Company's incentive plans, as shareholder approval is required. As members will be aware, seeking such approval is part of the formal business for today's meeting.

Item 2 of today's meeting, as shown in the notice, deals with re-election of Scott Huntly as a director. I would like to thank Scott and Grant Button, the two non-executive directors on the board, for their dedication and efforts during the year, and I look forward to their support and of all shareholders as we develop our exploration interests and seek other opportunities for the Company.

Thank you again for attending this Washington's second AGM as a listed company, and we will now proceed to the other business on the agenda.

Adrian Griffin
Chairman and Managing Director



NICKEL POTENTIAL

EL70/2301, YARAWINDAH BROOK,
WESTERN AUSTRALIA



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1. INTRODUCTION

The Yarawindah Brook Project, held as to 80% by Washington Resources Limited ('Washington'), is located 135 kilometres north of Perth, Western Australia, within the Archaean Jimperding Igneous Complex.

In late 2005 and early 2006, drilling by Washington at Yarawindah Brook, which encompasses Exploration Licence ('EL') 70/2301, intersected significant nickel/copper-sulphide mineralisation in three vertical reverse-circulation bores over a strike distance of 550 metres.

In the 1970s to '90s, several other companies drilled a very small part of the area now included in Washington's EL 70/2301. Then, as now, nickel/copper-sulphide mineralisation was intersected in reverse-circulation and diamond core bores. However, the results were not encouraging as these historic intersections were either comparatively thin or of a low grade.

Washington has reviewed the historic records, as well as its recently acquired geological data, to derive a new model of bedrock geology. It is now considered that earlier explorers misinterpreted the facing direction of the bedrock, which rendered much of the historic exploration effort ineffective. Given the new geological model, and the ability to apply modern exploration techniques, Washington believes it is now possible to realise the full potential of EL 70/2301.



2. GEOLOGY

At Yarawindah Brook, the oldest bedrock units include sediments, volcanics and mafic/ultramafic complexes more than 3 billion years old. While it is possible that the latter are intrusive sills, it is also possible that they may have been extrusive and formed part of the original stratigraphic sequence. The uncertainty arises because the bedrock is metamorphosed to amphibolite facies with retrograde greenschist facies and rarely outcrops, being heavily masked by lateritic and bauxitic weathering profiles, commonly more than 30 metres thick.

The mafic/ultramafic complexes are readily traced by virtue of their strong magnetic signatures (see Figure 1). Strike is north/northwesterly, while dips and facings are easterly. Within EL 70/2301, the airborne magnetic survey image indicates five mafic/ultramafic complexes with strikes exceeding 1 kilometre, as well as several smaller, or tectonically disrupted, complexes.

A series of prominent northerly-striking but narrow magnetic 'highs', interpreted to be dolerite dykes, transect the area. These dykes are probably of Archaean age but are not known to be associated with any mineralisation.



Only a small part of one of the above-mentioned mafic/ultramafic complexes has ever been drilled (see Figure 2). Previously, most of the drill bores were directed at the mid-section of the complex; however, Washington's focus has been the western contact zone, where a number of small gossans are exposed (Figure 3). These gossans, which outcrop within a 600-metre long erosion 'window' through the bauxite/laterite cover, returned anomalous nickel and copper grades, with some grading $>1\%$ nickel, $>1\%$ copper. Of the three Washington drill intersections to date, two were adjacent to this 'window' and all were in the vicinity of the western contact of the complex.

When, subsequent to the drilling, Washington commissioned a petrographic study of a suite of drill-cuttings, the microscopist advised that each of the three intersections had different geological associations: that is, a classic gravity settling, footwall setting; a complex mix of mafic and ultramafic units, and "...a Voisey's Bay type breccia."



3. DRILL INTERSECTIONS

3.1 Historic drilling

(Refer to Figure 2.) Examples of historic intersections are as follows.

- **Bore PNN1, 10200N 10400E** (local grid) –
4 metres @ 1.5% copper from 39 metres
(intersection incomplete).
- **Bore PNN13, 10800N 10300E** –
8 metres @ 1.11% copper, 0.37% nickel from 37 metres (intersection incomplete).
- **Bore PNN 20, 9600N 10405E** –
4 metres @ 0.71% copper, 0.09% nickel from 53 metres (intersection incomplete).

Intersections in other bores included numerous platinum- and palladium-rich bedrock veinlets and supergene gold/platinum/palladium concentrations.



3.2 Washington's drilling

Details of Washington's drill intersections are as follows.

- **Bore YWRC 29, 10850N 10000E –**
2 metres @ 0.67% nickel, 1.47% copper, 647 ppm cobalt, 22 ppb gold, 15 ppb platinum, 302 ppb palladium from 45 metres.
- **Bore YWRC 55, 10550N 9950E –**
3 metres @ 1.10% nickel, 0.61% copper, 840 ppm cobalt, 35 ppb gold, 15 ppb platinum, 312 ppb palladium from 32 metres,
and
2 metres @ 1.57% nickel, 0.90% copper, 1163 ppm cobalt, 9 ppb gold, 19 ppb platinum, 286 ppb palladium from 37 metres.
- **Bore YWRC 58, 11000N 9900E –**
4 metres @ 2.12% nickel, 0.76% copper, 1453 ppm cobalt, 118 ppb gold, 39 ppb platinum, 116 ppb palladium from 35 metres,
including
2 metres @ 3.67% nickel, 0.97% copper, 2513 ppm cobalt, 161 ppb gold, 59 ppb platinum, 194 ppb palladium from 37 metres.



4. POTENTIAL

Although the dip direction and strike extent of the three sulphide shoots located by Washington have not been verified by drilling, available geological and geophysical data indicate that the dips are around 40 degrees, while strike lengths could be 50 metres. From the frequency of the gossans, there may be another five sulphide shoots of a similar size within the 550-metre strike spread of the Washington intersections.



5. NICKEL POTENTIAL – DRILLED AREA

5.1 Drilled area

Although the regolith shows strong weathering in places, it is significant that the massive sulphide intersections Washington has obtained are primary sulphides lying very close to the surface. The shallow nature of this sulphide mineralisation (which is very uncommon in Australia), as well as its proximity to both existing infrastructure and one of the nation's largest mining hubs (Perth, Western Australia), make the discovery not only unique but also potentially of great commercial significance.

Average dimensions and grades for the three massive sulphide ore shoots intersected by Washington's drilling to date are as follows.

- True thickness – 2.75 metres.
- Strike – 50 metres.
- Grade – 1.48% nickel (with copper and PGM credits).
- Bulk density – 4 tonnes per cubic metre.

The length of the shoots is yet to be determined.



There is potential for repetitions of shoots of this type, which represent structural and stratigraphic positions close to the footwall of the ultramafic bodies. The current intersections occur over a contact length of approximately 550 metres, while the occurrence of disseminated sulphides in other drill holes suggests that repetitions within this zone are likely. It is possible that these disseminated sulphide occurrences may, on further assessment, prove to be economic.

In addition, geophysical modelling of electrical and magnetic responses in the target zone supports the potential for further mineralised occurrences that have not yet been the subject of drilling.

Further geophysical surveys and reverse circulation drilling are planned within the Yarawindah target area.



5.2 Additional exploration potential

Stratigraphic and structural repetitions of the Yarawindah style target zone provide a strike potential of at least 20 kilometres, over which further exploration targets are likely to develop. A portion of the potential has already been examined using geophysical prospecting techniques, with additional anomalies located. Some of these geophysical anomalies are coincident, with low but anomalous levels of nickel in surface soil samples. In certain locations, geobotanical anomalies reinforce the geophysical anomalies. It is the coincidence of these features that will provide the next generation of drill targets.

Further geophysical surveys planned for Yarawindah Brook will be conducted simultaneously with those conducted at Washington's Bindi Bindi project (the site of nickel mineralisation intersected by Poseidon in the 1970s), which is located nearby. The geological model is being extended to encompass mineralisation elsewhere in the geological province (Jimperding Igneous Complex) that hosts these deposits. Washington believes that other areas within its exploration portfolio (see Figure 6) have similar potential: in particular, those near Northam and York, where – upon grant of various exploration licence applications – additional programs will be implemented in the search for more massive polymetallic sulphide deposits.



5.3 Immediate drill targets

Figure 2 shows part of one aeromagnetic anomaly, the Washington bore collar locations and the area covered by the 'SMARTem' geophysical survey. (SMARTem is an electromagnetic technique designed specifically to locate sulphide mineralisation beneath conductive surficial horizons.)

In Figure 4, the stacked quasi-sections represent conductivity determined by SMARTem to a depth of several hundred metres. The surficial conductive horizon is apparent on each section and there are prominent conductors, interpreted to dip easterly, at depth, on sections at the southern end of the survey area. Larger but less intense conductors are apparent in the central and northern parts of the area. Figure 5 shows the conductors in plan section.

The prominent southern conductors are considered priority drill targets, while the conductors to the north warrant further investigation, especially because of the Washington drill intersections there.



6. CONCLUSION

At Washington's Yarawindah Brook Project, only a small part of the rock units prospective for nickel-sulphide mineralisation have been drill tested.

Within EL 70/2301, Washington has made three significant drill intersections of nickel/copper-sulphide mineralisation and located two prominent geophysical anomalies characteristic of massive sulphide mineralisation.

The information in this report is based on information compiled by Mr Peter Burger, Washington's exploration geologist.

Mr Burger has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and the activity 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.

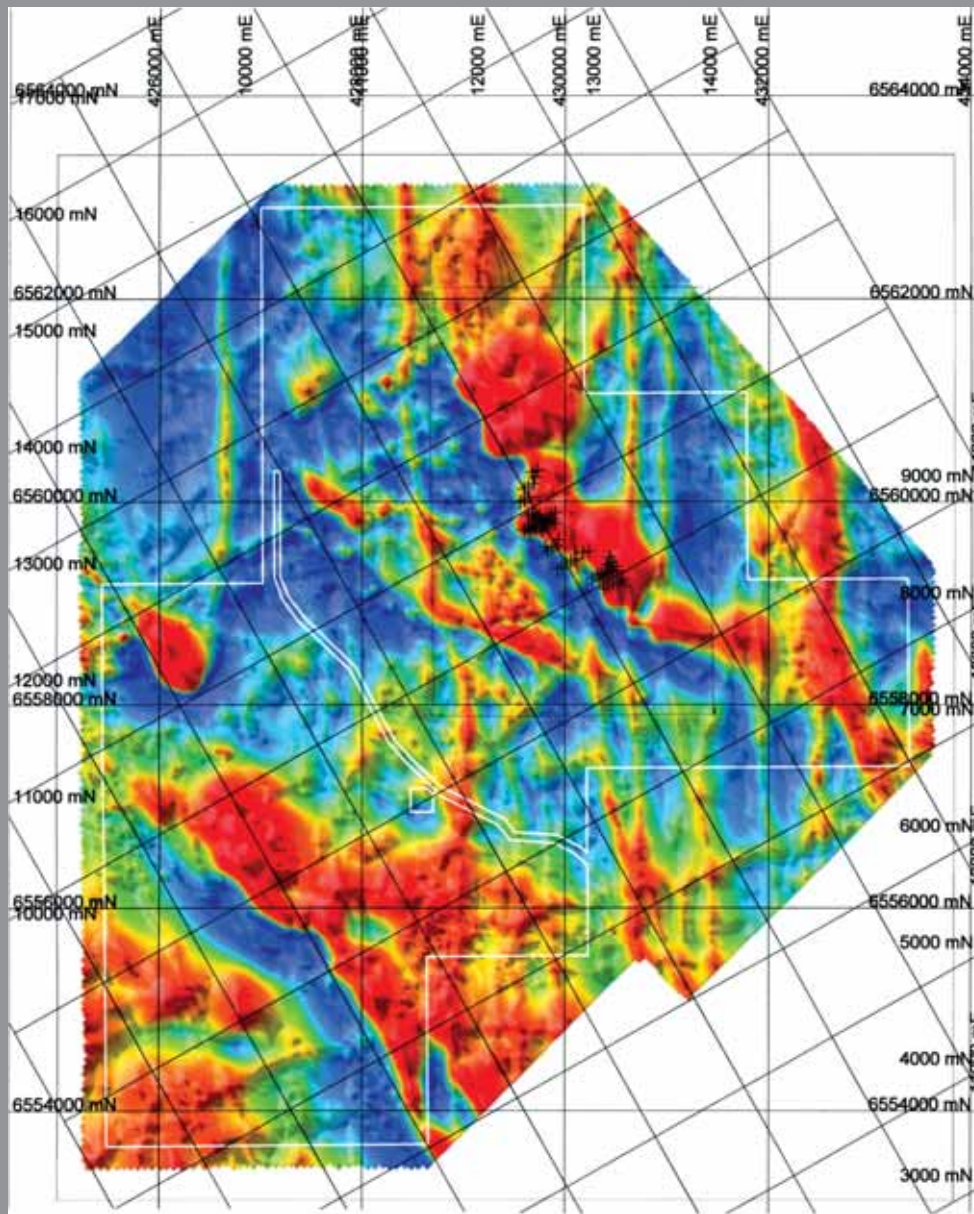


FIGURE 1. EL70/2301, Yarawindah Brook, Western Australia – Total Magnetic Intensity airborne survey results and Washington bore collars (black crosses). The red areas indicate highly magnetic mafic and ultramafic bedrocks prospective for nickel/copper-sulphide.

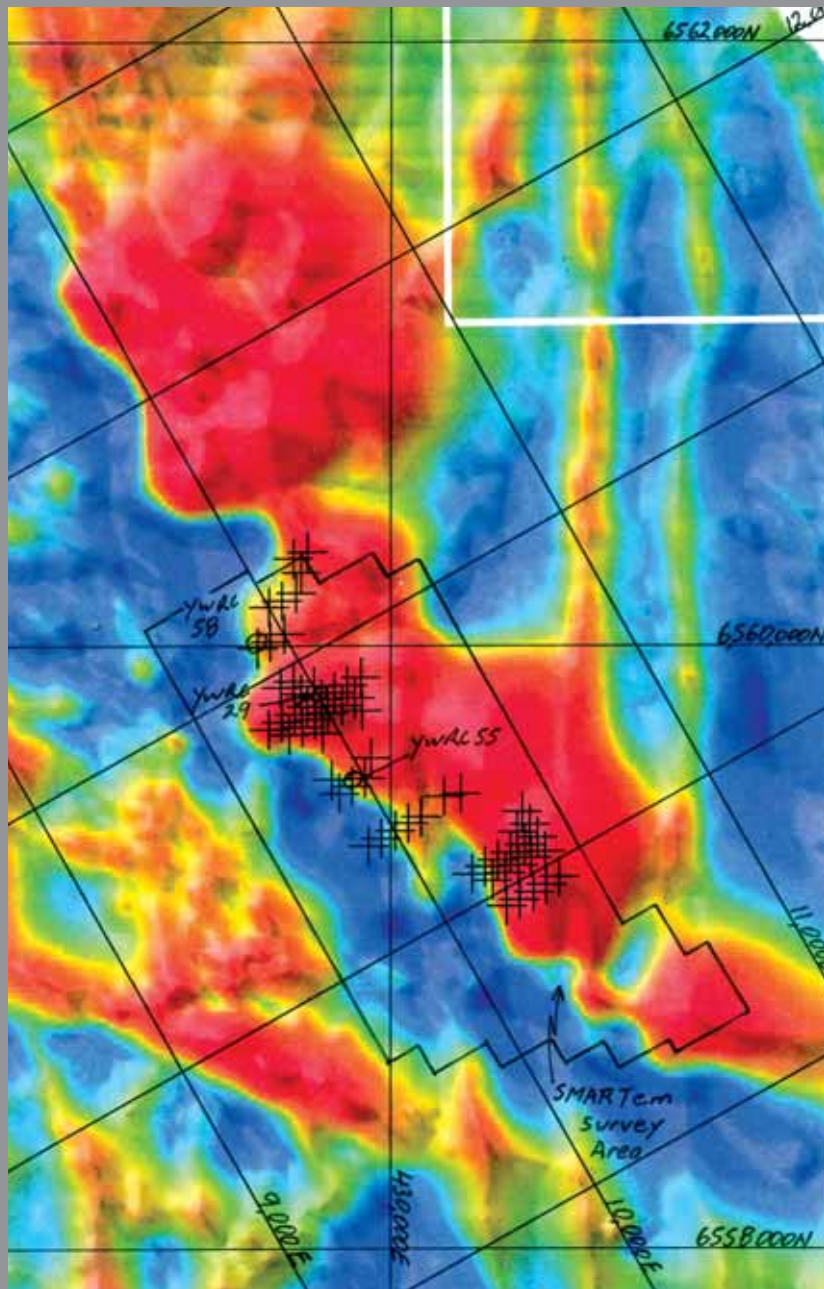


FIGURE 2. Part of EL70/2301, Yarawindah Brook, Western Australia – plan showing detail of Total Magnetic Intensity plan, the SMARTem survey area, the Washington bore collar locations and bores that intersected nickel/copper-sulphide mineralisation. Local and GDA94 grids are also shown.

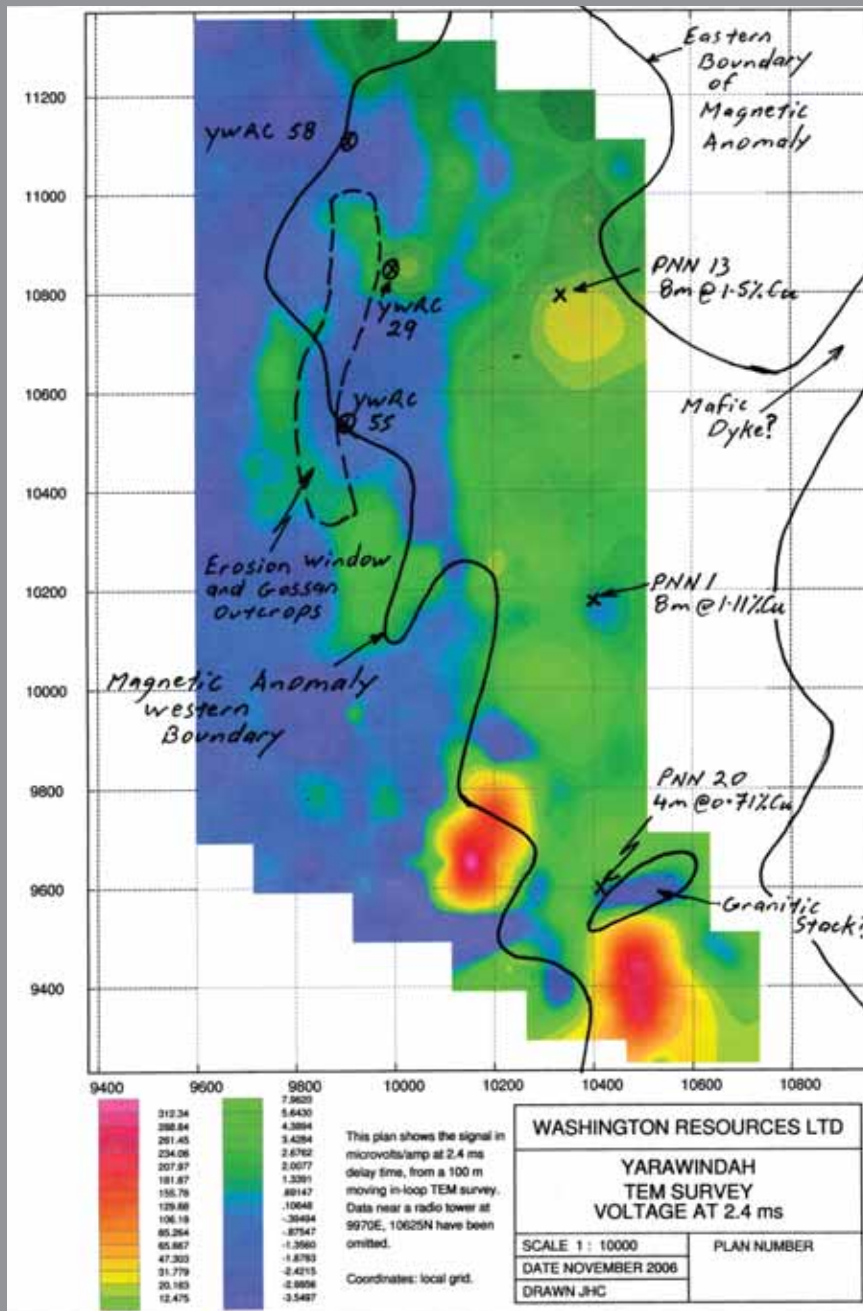


FIGURE 3. Yarawindah Brook, Western Australia – plan of TEM results showing the airborne Total Magnetic Intensity anomaly boundaries, the erosion window and the collars of historic and Washington bores that intersected nickel/copper-sulphide mineralisation.

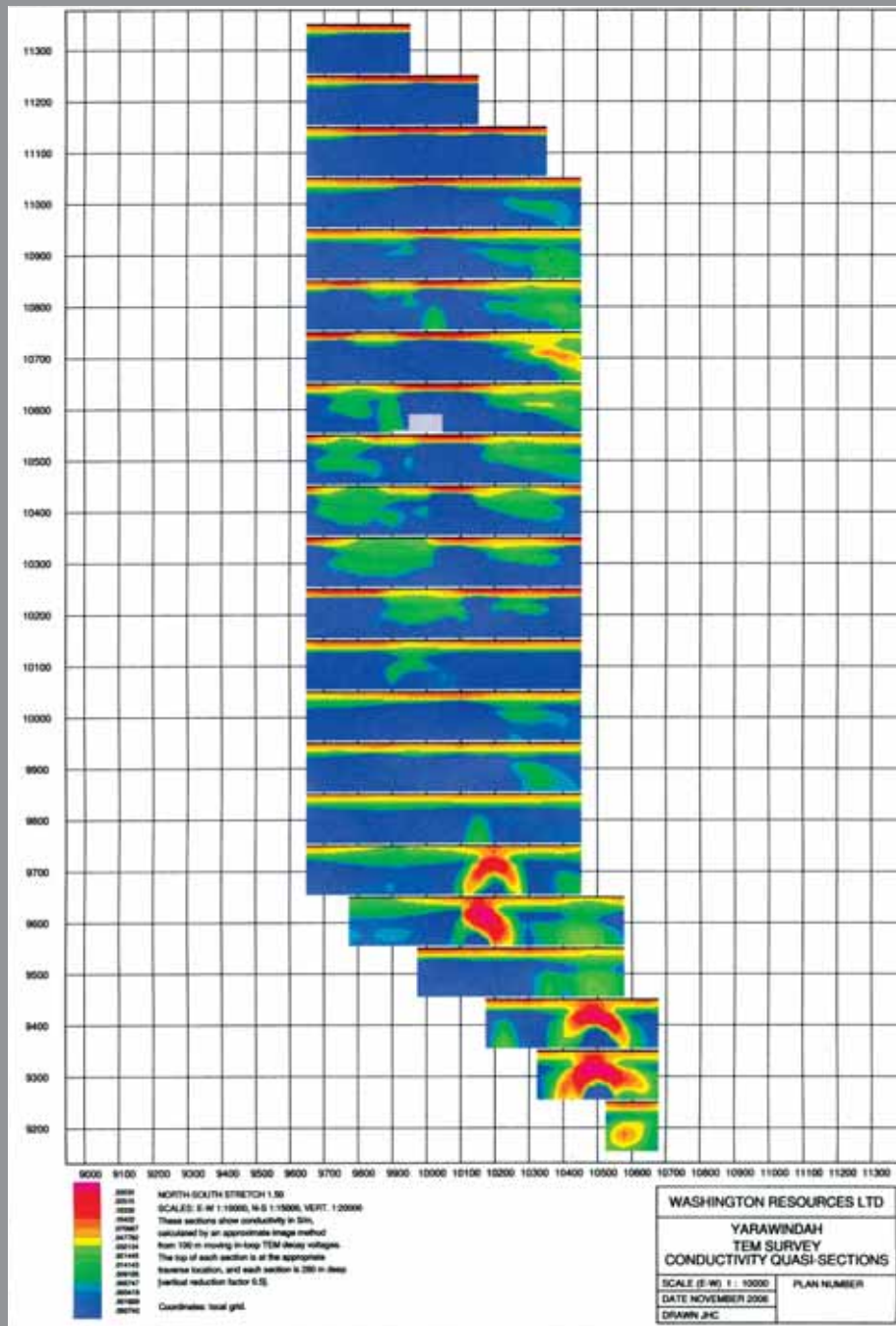


FIGURE 4. Yarawindah Brook, Western Australia – conductivity quasi-section (note the intense conductors, interpreted to dip easterly, on four sections of 9800N).

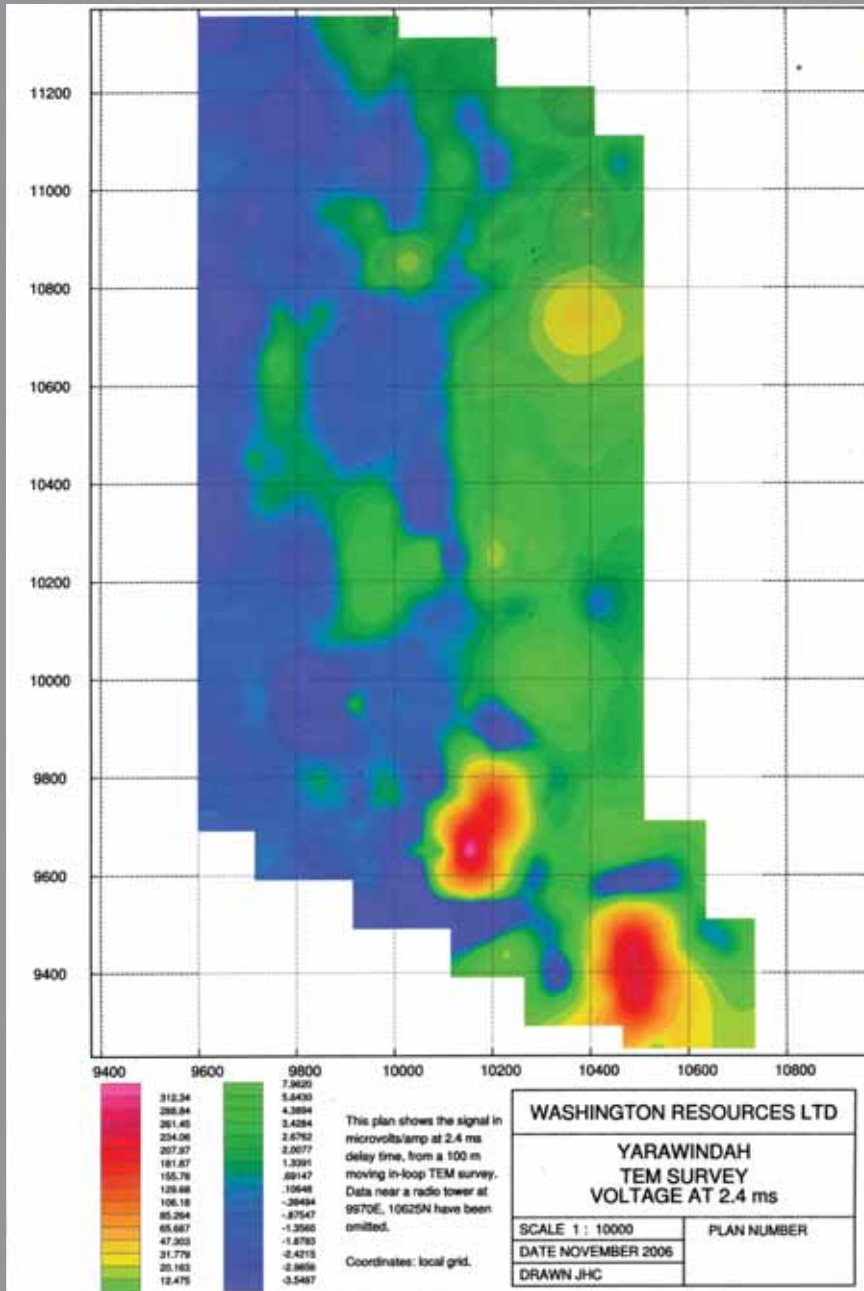


FIGURE 5. Yarawindah Brook, Western Australia – SMARTem survey results showing two x 200-metre long intense conductors south of 9800N and less intense and ovoidal anomalies embedded in broad areas of moderate conductivity to the north.

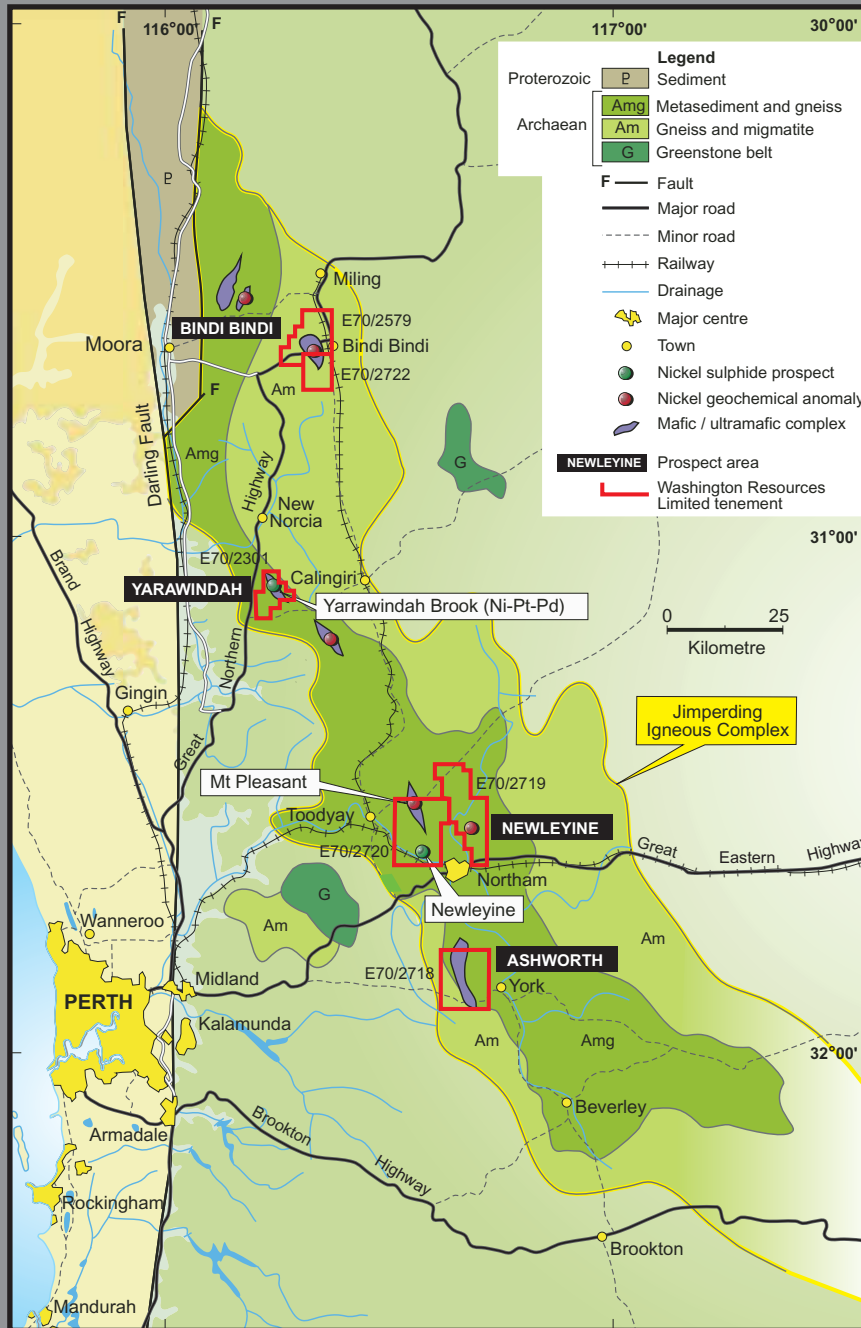


FIGURE 6. Location of Washington's Western Australian projects.



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