

WASHINGTON RESOURCES LIMITED (ASX: WRL)

HIGHLIGHTS

Operational:

- **Continued encouragement from drilling results at Yarawindah Brook**
- **Airborne magnetic and radiometric surveys at Bindi Bindi**
- **Work commences on Gardiner-Tanami Uranium Project**
- **Joint venture with Reedy Lagoon Corporation Limited to explore for iron ore on exploration licence applications 70/2719 and 70/2720**
- **Option to farm into tenements in the Murchison Mineral Field (E51/1059, E51/1061 and E51/1112)**

Corporate:

- **Option entitlements offer closes, and 36,306,660 options are allotted and issued and quoted on ASX**
- **425,000 pre-IPO options exercised at \$0.20 per share**
- **Sallies options exercised, resulting in issue to various shareholders in Johannesburg-listed Sallies Limited of 8,858,320 Washington shares for their Sallies shares**
- **Offers made under Washington employee share and employee option schemes (offers to directors being subject to shareholder approval)**

OPERATIONS

Yarawindah Exploration

Washington Resources' Yarawindah Brook project is located 135 km north of Perth, Western Australia, within the Archaean Jimperding Igneous Complex.

Mineralization identified by Otter Exploration in 1975 was characterized by elevated platinum group metal ('PGM') values in lateritized mafic-ultramafic rocks. This mineralization occurs sporadically over a strike length of 2.5 km and a width of 750 m. The Inferred Resource is 2.9 million tonnes at a combined Pt and Pd grade of 0.79

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g/t at a cut-off of 0.5g/t. The resource is contained within the oxide zone; historically, however, examination of the source of the mineralization has been minimal, with very little base-metal investigation carried out on this deposit.

In December 2005, Washington commenced an RC drilling programme at Yarawindah Brook. It focused on the southern extremity of the previously identified mineralization, where the laterites are generally thin and the weathering shallow. The programme was designed to examine the polymetallic nature of the source mineralization, and the limited cover of weathered material in this area provided the opportunity to examine the source of the supergene enrichment with minimal drilling.

The drilling programme, which ceased in December following completion of 32 holes, encountered encouraging quantities of sulphide mineralization. Subsequently, the programme was extended, with the remaining drill holes bringing the total to 76.

Summary assay results for the first 32 drill holes were set out in the Company's last Quarterly Report. The tabulation set out in that report showed the initial assays for 5 m composite samples in which the copper equivalent grade (copper + 3.5 times Ni) is greater than 1%. Primary copper values peak at over 1%, there are significant PGM credits (up to 0.34 g/t Au + Pd + Pt) and cobalt values are up to 0.3%.

During the period, assays were received from an additional 28 vertical, reverse circulation drill holes of the 76-hole programme completed on 11 February 2006.

Highlights of the programme include the following intersections, where mineralization occurs in massive and disseminated sulphides. (See attachment 1).

Hole	Width (m)	Ni (%)	Cu (%)	Co (ppm)	Au+Pd+Pt (ppm)
YWRC055	6	1.02	0.56	765	0.29
YWRC058	4	2.22	0.76	1454	0.27
<i>Including</i>	2	3.67	0.97		

Several drill holes intersected massive sulphides over a down-hole thickness of up to 2 m, with values to 3.94% nickel and 1.03% copper over a 1-m interval. These holes are located some 550 metres apart. Composite samples of the massive sulphide intersections are currently undergoing metallurgical studies to determine flotation and recovery characteristics.

Based on the results to hand, as well as evaluation of historical exploration, several areas of potential economic mineralization have been outlined for investigation using ground-based geophysics and follow-up drilling.

Bindi Bindi Exploration

Airborne magnetic and radiometric surveys over the Bindi Bindi project were completed during the quarter. These will be used, in conjunction with geological mapping and sampling, to plan for more detailed exploration over selected target areas.

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Gardiner-Tanami Uranium Exploration JV

During the quarter, due diligence investigations were concluded by both parties to the joint venture (Washington and Polaris Metals NL), with both parties confirming that they will proceed with the transaction, and on 25 January 2006 they entered into a legally binding Heads of Agreement.

Polaris as manager of the joint venture has commenced the planning of exploration programmes, and the joint venturers are currently investigating alternative approaches to raising capital for the joint venture vehicle (which is yet to be formed).

The joint venture does not cover commodities other than uranium.

Bulla Iron Ore Joint Venture

The Company during the quarter completed negotiations and executed the Bulla Joint Venture Agreement with Reedy Lagoon Corporation Limited (“Reedy”) to explore for iron ore on Exploration Licence Applications 70/2719 and 70/2720. The tenement applications are located 70km east of Perth, Western Australia and cover an area prospective for iron ore, which was identified by Western Mining Corporation Limited in the 1970s.

At the commencement date, the equity proportions in the joint venture will be 50% Washington and 50% Reedy. Under the terms of the agreement, Reedy may, by sole funding the joint venture activities, earn 1.2% equity in the joint venture for every \$10,000 spent. The sole funding provision will allow Reedy to increase its equity in the joint venture to a maximum of 80%, at which time Washington must contribute or be diluted.

Washington will retain the sole rights to all commodities other than iron ore, and Reedy will not earn any direct equity in the tenements. Washington will continue to focus on the base and precious metal potential of ELA70/2719 and ELA70/2720. The joint venture’s activities are subject to relevant landholder approvals.

Mooloogool Joint Venture

Washington Resources Limited has entered into a heads of agreement with Westex Resources Pty Ltd A.C.N. 055 493 359 (“Westex”) in relation to tenements in the Murchison Mineral Field, Meekatharra District, WA. Westex made application for E51/1059, E51/1061 and E51/1112 under the Mining Act 1978, and these tenements have now been granted.

Washington will undertake due diligence and, if it proceeds, reimburse past expenses incurred by Westex in applying for the tenements and pay Westex the sum of \$25,000.

Washington will have the option by way of farm-in to earn equity in the tenements at a rate of 1% for each \$5,000.00 incurred as exploration expenditure. It may elect to cease to contribute as sole contributor before it has earned its 80% interest, in which

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case it will be deemed to have elected to withdraw from the farm-in arrangement. Upon Washington's reaching an equity of 80%, a contributing joint venture will be formed between the parties or Westex may convert its remaining equity to a 2% royalty.

The Westex package provides exposure to a sequence of mafic and ultramafic rocks with geophysical and geochemical anomalies, which indicate the areas are prospective for base metals (primarily copper and nickel) and platinum group metals. The exploration targets have a strong synergy with Washington's existing Western Australian exploration assets, which have recently been the location of near surface copper and nickel intersections.

CORPORATE

Rights Issue and Options Entitlements

The offer referred to in the Company's prospectus dated 27 January 2006 (as subsequently amended by a supplementary prospectus dated 1 March 2006), under which the Company sought to raise up to \$403,066 by the issue of up to 40,306,660 options, closed on 17 March 2006 in accordance with its terms.

Members were entitled to subscribe to four options for every five shares held on the record date (28 February 2006), and the number of options that therefore could be issued was 80% of the number of shares on issue on that date. The total number of ordinary shares on issue was at the record date 45,383,326, so that the maximum number of options that could be allocated and issued in accordance with the offer was 36,306,660.

The offer closed under-subscribed, and the shortfall of 3,292,133 was allocated in accordance with the Company's underwriting agreement with Richmond Resources Pty Ltd. Each of the Directors by virtue of sub-underwriting arrangements with Richmond subscribed to 365,793 options.

The Company accordingly allotted and issued 36,306,660 options at \$0.01 per option, thereby raising a total of \$363,066.60 including the costs of the issue.

The options expire on 28 February 2008 and are exercisable at \$0.25 per share. The options are quoted on the Australian Stock Exchange Limited ("ASX").

Exercise of Existing Options

As outlined in the prospectus for Washington's initial public offering in 2005 and in the prospectus for the Company's entitlements issue dated 27 January 2006, at the time of listing on ASX there were 5,425,000 existing options on issue to subscribe for shares in the Company at \$0.20 per share, expiring on 30 June 2006. During the quarter, 425,000 of these options were exercised and ordinary shares allotted and issued. These shares have subsequently been quoted on ASX.

Exercise of Sallies Options

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Washington during the quarter exercised options to acquire 26,572,961 shares in the Johannesburg-listed company, Sallies Limited, registration number 1903/001879/06, by the issue to the holders of 8,858,320 Washington shares.

Sallies is the owner of the Witkop fluorspar mine near Zeerust in the North West Province of South Africa., and the affected Sallies shares represent approximately 10% of Sallies' share capital. Washington held options to acquire the Sallies shares by virtue of agreements with seven companies, and the terms of these agreements were described in the prospectus for Washington's initial public offering in 2005 and in the prospectus for the Company's entitlements issue dated 27 January 2006.

Washington issued the shares with the benefit of a waiver granted by the ASX from listing rule 7.1 to the extent necessary for the Company to issue the shares in return for 26,572,961 shares in the capital of Sallies pursuant to the option agreements with the seven Sallies shareholders.

Employee Share and Option Plans

Washington during the quarter made offers to apply for shares or options, under the terms of the Washington Share Plan or, as the case may be, the Washington Options Plan, to certain Washington directors, employees and consultants. This included offers of 750,000 shares to the Chairman and Managing Director, Mr Adrian Griffin, 400,000 shares to director, Mr Grant Button and 400,000 options to director, Mr Scott Huntly.

The issue price of the shares offered under the Share Plan was 25 cents per share. The weighted average trading price of the shares on ASX during the 5 trading days immediately before the date of the offer was 21.06 cents.

Shareholder approval for the share or option offers to Mr Griffin, Mr Button and Mr Huntly will be sought at Washington's next general meeting of shareholders, and no shares or options will be granted under the offers to directors until shareholder approval has been obtained.



ADRIAN GRIFFIN
Chairman and Managing Director

For further information please contact:

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Washington Resources Limited
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Attachment 1 Yarawindah Brook 1m intersections

Hole	East (GDAm)	North (GDAm)	East (Local m)	North (Local m)	Dept h (m)	From (m)	To (m)	Ni (%)	Cu (%)	Co ppm	Au+Pt+ Pd (ppm)
YWRC											
055	429,871	6,559,535	9,950	10,550	50	33	34	1.91	1.01	1418	0.24
						34	35	0.75	0.15	562	0.48
						35	36	0.10	0.13	95	0.12
						36	37	0.22	0.26	185	0.29
						37	38	2.31	0.90	1692	0.40
						38	39	0.82	0.90	635	0.23
YWRC											
058	429,559	6,559,989	9,900	11,100	50	35	36	0.77	0.44	531	0.05
						36	37	3.94	1.03	2621	0.23
						37	38	3.40	0.93	2405	0.59
						38	39	0.35	0.64	257	0.22

The information in this report is based on information compiled by Mr Adrian Griffin, who is a member of the Australian 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 relevant to the style of mineralization and type of deposit under consideration and the activity which 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 Griffin's consent as to the form and context in which the exploration results appear.

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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")

31 March 2006

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (...9... months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(343)	(466)
(b) development	-	-
(c) production	-	-
(d) administration	(304)	(462)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	37
1.5 Interest and other costs of finance paid	-	(25)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(620)	(916)
Cash flows related to investing activities		
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)	-	-
Net investing cash flows	-	(300)
1.13 Total operating and investing cash flows (carried forward)	(620)	(1,216)

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1.13	Total operating and investing cash flows (brought forward)	(620)	(1,216)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	428	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)	-	-
	Net financing cash flows	428	2,943
	Net increase (decrease) in cash held	(192)	1,727
1.20	Cash at beginning of quarter/year to date	2,002	83
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,810	1,810

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

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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

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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

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Financing facilities available

Add notes as necessary for an understanding of the position.

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	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	400
4.2 Development	-
Total	400

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	1,810	2,002
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,810	2,002

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	Nil	Nil	-	-

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6.2 Interests in mining tenements acquired or increased	E70/2914	Application pending	-	100%
	E70/2923	Application pending	-	100%
	E70/2924	Application pending	-	100%
	E70/2925	Application pending	-	100%
	M70/1263	Application pending	-	80%
	M70/1264	Application pending	-	80%
	M70/1265	Application pending	-	80%
	M70/1266	Application pending	-	80%
	M70/1267	Application pending	-	80%
	P70/1497	Application pending	-	100%
	P70/1498	Application pending	-	100%
	P70/1499	Application pending	-	100%
	E25157	Application pending	-	100%
	E25158	Application pending	-	100%
	E25159	Application pending	-	100%
	E25160	Application pending	-	100%

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	45,383,326	34,096,384	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	9,283,320	9,283,320	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (all 1 ordinary share per option)	Total 41,306,660 5,000,000 36,306,660	- 36,306,660	<i>Exercise price</i> 20 25	<i>Expiry date</i> 30 June 2006 28 February 2008
7.8	Issued during quarter	36,306,660	36,306,660	25	28 February 2008
7.9	Exercised during quarter	425,000	-	20	30 June 2006
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-	-	-
7.12	Unsecured notes (totals only)	-	-	-	-

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: 28 April 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.

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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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