18 July 2006

The Manager
Company Announcement Office
Australian Stock Exchange Limited
Level 8
2 The Esplanade
Perth WA 6000

Dear Sir,

EL70/2301 (WASHINGTON INTEREST 80%):
YARAWINDAH BROOK POLYMETALLIC SULPHIDES, WESTERN AUSTRALIA

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.

To gain a better understanding of this mineralization, the Company commissioned petrological, geophysical and metallurgical studies. The latter, which are ongoing, are intended to optimize the grade and recovery of concentrates from the Yarawindah mineralization.

Preliminary results from the petrological work and geophysics are outlined below.

1. Petrological study

Recently, 13 drill-chip samples from the RC drilling campaign, including samples from the three bores that intersected massive Ni/Cu sulphides, were submitted for microscopic examination. Comments by the petrologist on the respective intersections were as follows.

- Bore YWRC 55: "…a mixed breccia …suggesting a Voisey's Bay style of mineralization" (see Figure 1).
- Bore YWRC 58: "…more typical dunite-hosted, nickel-rich sulphide" (see Figure 2).
- Bore YWRC 29: "…complex/heterogeneous mix of ultramafic, mafic and highly altered lithologies" (see Figure 3).

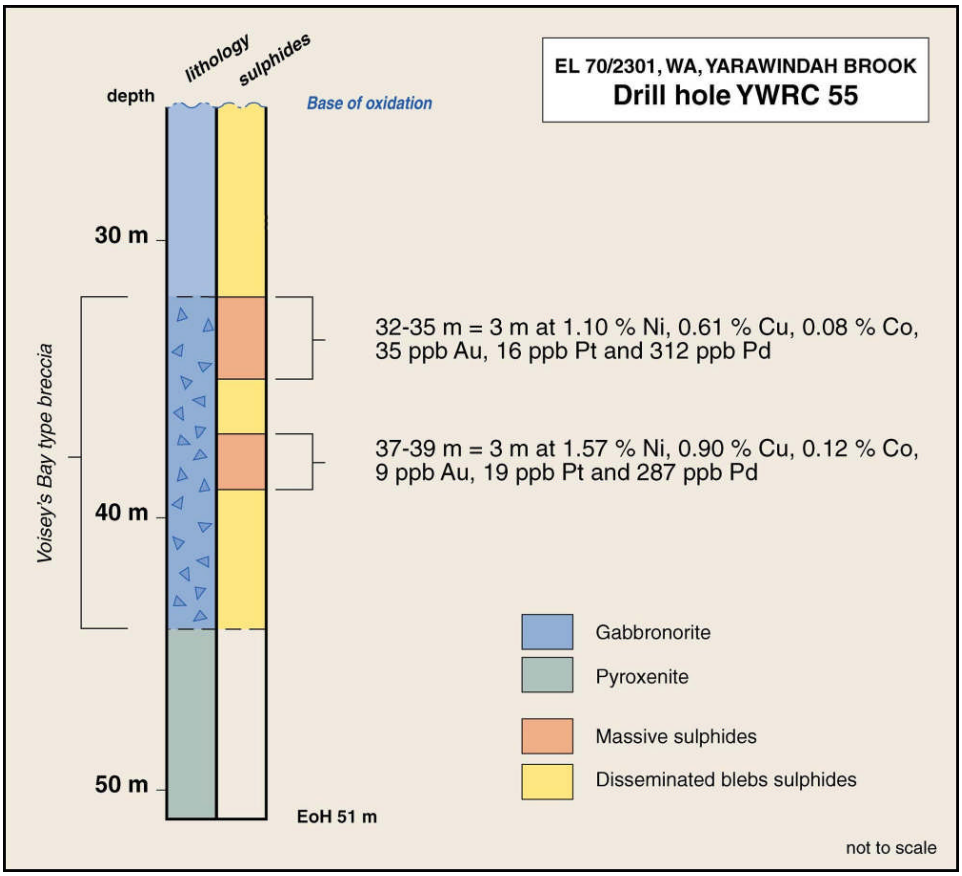

Figure 1. Bore YWRC 55 – Ni/Cu sulphides in a mixed breccia of footwall and sill rock types in gabbronorite.

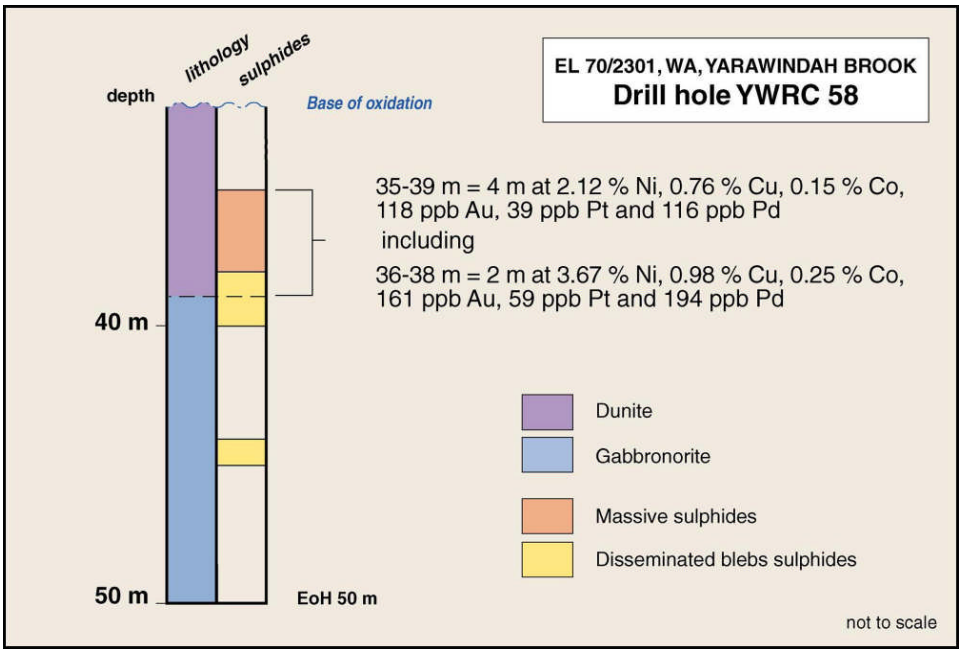

Figure 2. Bore YWRC 58 – Ni/Cu sulphides on a dunite-gabbronorite contact.

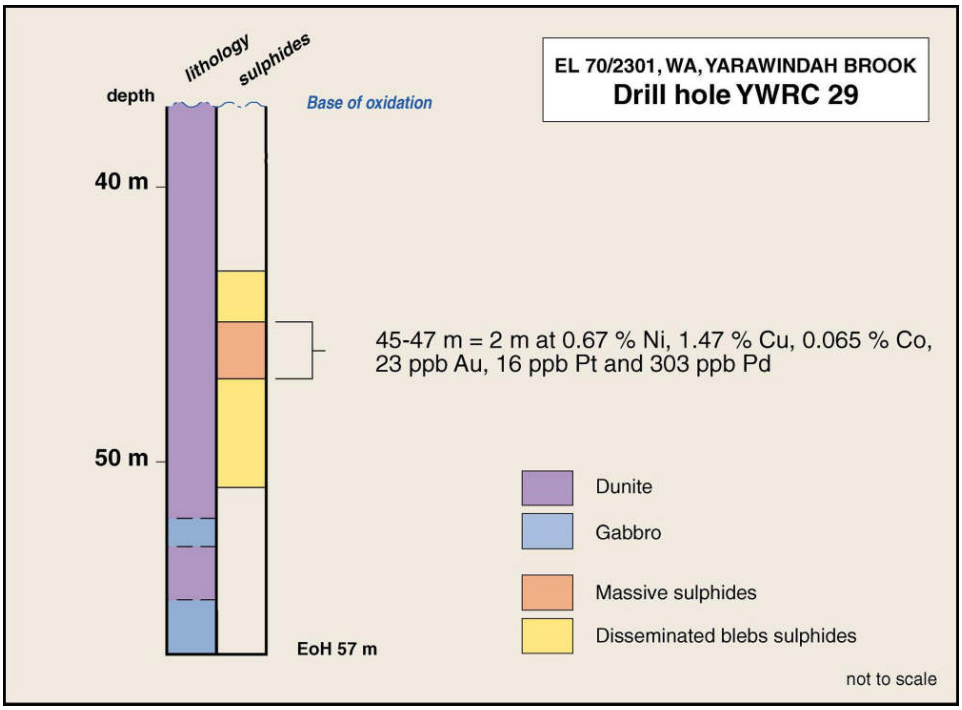

Figure 3. Bore YWRC 29 – Cu/Ni sulphides in dunite.

2. Geophysical study

A Gradient Array Induced Polarization survey was completed over an area measuring 1600 by 800 metres, which included Washington's three RC drill sulphide intersections. The survey successfully outlined bedrock units and helped identify a number of potential drill targets. Additional geophysical techniques that can provide better resolution of the high-grade massive sulphide intersections and optimize the success of the drilling programme are planned for the September quarter.

3. Geological interpretation

Bedrock geology has been reinterpreted following a review of all available data – recent and historic. The possibility that the sill is upright and facing easterly has been canvassed. Similar eastern and western units have been outlined, suggesting a fault repetition or two similar but separate sills. This is a significant departure from earlier studies, in which the sill was considered a single differentiated unit, overturned and facing westerly. Figure 4 is a diagrammatic representation of possible relationships between the sill and the three sulphide intersections.

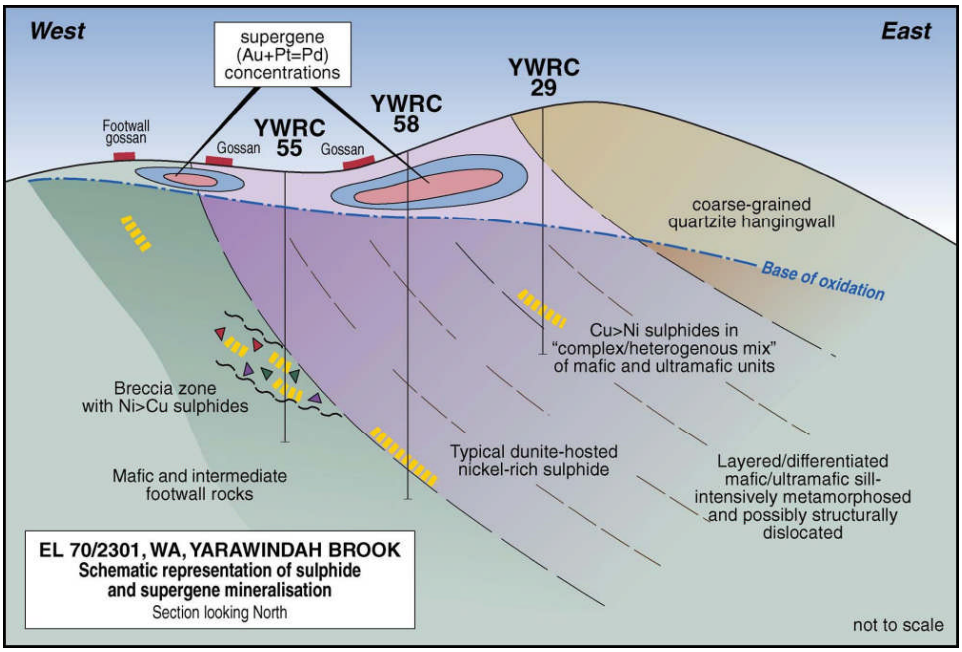

Figure 4. Possible relationships between sill and sulphide intersections.

Results to date have added significantly to the knowledge of the Yarawindah polymetallic mineralization and enabled construction of a geological model, which will be used to direct further exploration. The knowledge gained will be applied not only to future exploration at Yarawindah but also to other Washington projects within the Jimperding Igneous Complex.

The information in this report is based on information compiled by Mr Peter Burger, exploration geologist for Washington Resources Limited.

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

Yours faithfully
Washington Resources Limited