

washington

WASHINGTON RESOURCES LIMITED
ACN 097 532 137

HALF-YEAR FINANCIAL REPORT

31 December 2005

WASHINGTON RESOURCES LIMITED

ACN 097 532 137

31 December 2005

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WASHINGTON RESOURCES LIMITED

ACN 097 532 137

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2005.

DIRECTORS:

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Adrian Griffin
Grant Button
K. Scott Huntly

REVIEW AND RESULTS OF OPERATIONS

Operating Results

During the December 2005 half-year, the Company recorded a net loss of \$746,422 (2004: \$25,812).

Principal Activities

(a) ASX Listing and Ancillary Matters

In August 2005, the Company lodged a prospectus under which it sought to raise up to \$3,000,000 by way of an initial public offering and listing on the Australian Stock Exchange Limited. The offer was over-subscribed, and Washington was admitted to the ASX list on 14 November 2005 and commenced trading on 17 November 2005. The Company issued 19,504,000 shares, resulting in total shares on issue being 36,100,006 shares being on issue.

The agreement dated 24 March 2005 between the Company and Norman Sydney McCleary relating to the purchase by the Company of its exploration interests in the Northern Territory was completed and Mr McCleary was paid \$50,000 and issued 500,000 shares in accordance with the terms of that agreement.

The agreement dated 17 January 2005 (as subsequently varied by letter agreement) between the Company and Murchison relating to the purchase by the Company of its 80% interest in certain tenements containing, amongst other things, Yarawindah Brook was completed and Murchison was paid \$250,000 in accordance with the terms of that agreement.

The allotment and issue of 4,000,000 ordinary fully paid shares to Elegant Global Limited, as described in the Company's IPO Prospectus, was completed, following the payment by that company of \$4,000.

The convertible note described in Section 12 of the Company's IPO Prospectus was redeemed, following the payment on 30 December 2005 to Dwyka of the face amount, being \$250,000, and accrued interest, being \$25,000.

(b) Gardiner-Tanami Joint Venture

The Company and Polaris Metals N.L. A.C.N. 085 223 570 on 16 November 2005 signed a letter of intent, outlining plans to form a jointly owned enterprise focused on advancing the Uranium interests of both companies in the Gardiner Range and Tanami-Granites areas in Western Australia and the Northern Territory. Under the terms of the agreement, Washington will vend the uranium potential of its current tenement holdings in the Tanami/Granites region in return for 50% equity in a joint venture company to be used for that purpose ("Newco").

Newco's exploration activities are to be funded equally by the Company and Polaris by means of loan funds, repayable out of capital raised by Newco. (It is the parties' intention that Newco will at an appropriate time seek to raise capital itself). Non-uranium minerals are not included in the joint venture.

(c) Rights issue

The Company on 18 November 2005 announced that it is planned to carry out an underwritten pro rata rights issue, under which shareholders may subscribe for options to acquire ordinary shares in the Company at any time within 24 months of the record date (28 February 2006). The subscription price for each option will be \$0.01, with the exercise price being \$0.25, and each shareholder will be offered 4 options for every 5 shares held at close of business on the record date. Funds raised from the rights issue are intended to be used for working capital purposes, including for the purpose of providing the Company's share of funding for the Gardiner-Tanami Joint Venture.

(d) Other Exploration

Due to low levels of funding, exploration work undertaken before the completion of the IPO on tenements held or controlled by the Company was minimal but sufficient to meet statutory requirements.

The Company's dominant exploration focus in Western Australia and the Northern Territory is base metals and precious metals. In Western Australia, the Company has studied geological models developed for Lac des Isles, Suhanko and Northmet with a view to expand on the inferred resource of 79,000 ounces of platinum group metal mineralisation at Yarawindah Brook, within the Jimperding Igneous Complex. In the Northern Territory, the Company's tenure is situated in three locations prospective for gold and base metals, being Tanami-Granites, Kurindi and Kulgera. The Tanami-Granite area is also prospective for uranium and it is the uranium rights to those tenements which form the basis of the joint venture with Polaris referred to above. The Company is likely to concentrate its exploration efforts on Yarawindah Brook and these Northern Territory areas at least for the next year. The Company is also assessing opportunities in Africa, presented to it under the terms of its strategic alliance with Dwyka Diamonds Limited.

The Company commenced a 24-hole reverse circulation drilling program at Yarawindah Brook on 6 December 2005, with the program due for completion within a two week period. The target was platinum group minerals, with associated base metal mineralization. On 19 December 2005, the Company announced that the program was complete, with encouraging visual results, most of the drill holes having intersected disseminated nickel and copper sulphides close to the surface. On the basis of the visual results, the program was extended to 77 holes, due to be completed in the middle of February 2006.

(e) Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Ernst and Young, to provide the Directors with a written independence declaration in relation to their review of the financial report for the half-year ended 31 December 2005. The written auditor's declaration is attached at page 6 and forms part of this Director's report

Dated at Perth this 15 day of March 2006

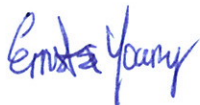
Signed in accordance with a resolution of the Directors.



Adrian Griffin
Managing Director

Auditor's Independence Declaration to the Directors of Washington Resources Limited

In relation to our review of the financial report of Washington Resources Limited for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Russell Curtin
Partner
Perth
15 March 2006

WASHINGTON RESOURCES LIMITED

ACN 097 532 137

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Washington Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company:
 - (i) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half-year ended on that date of the company; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Adrian Griffin
Managing Director
Perth, 15 March 2006

WASHINGTON RESOURCES LIMITED
CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Note	31 December 2005 \$	31 December 2004 \$
Continuing Operations			
Revenue	2(i)	10,216	-
Other expenses	2(ii)	(731,638)	(25,812)
Loss from continuing operations before tax and finance costs		(721,422)	(25,812)
Finance costs		(25,000)	-
Loss before income tax		(746,422)	(25,812)
Income tax expense		-	-
Net loss attributable to members		(746,422)	(25,812)
Loss per share (cents per share)			
- basic loss for the half year		(3.78)	(.14)
- diluted loss for the half year		(3.78)	(.14)

WASHINGTON RESOURCES LIMITED
CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	As at 31 December 2005 \$	As at 30 June 2005 \$
Current Assets			
Cash and cash equivalents		2,001,785	83,223
Trade and other receivables		32,578	28,089
Prepayments		-	182,799
Total Current Assets		2,034,363	294,111
Non-current Assets			
Exploration and evaluation expenditure		908,911	399,941
Total Non-current Assets		908,911	399,941
Total Assets		2,943,274	694,052
Current Liabilities			
Trade and other payables		116,530	224,420
Total Current Liabilities		116,530	224,420
Total Liabilities		116,530	224,420
NET ASSETS		2,826,744	469,632
Equity			
Issued capital	8	4,644,784	1,541,250
Accumulated losses		(1,818,040)	(1,071,618)
TOTAL EQUITY		2,826,744	469,632

**WASHINGTON RESOURCES LIMITED
CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Note	31 December 2005 \$	31 December 2004 \$
Cash flows from operating activities			
Interest received		10,216	-
Payments to suppliers and employees		(241,853)	(28,064)
Exploration and evaluation		(427,016)	(47,014)
		<u>(658,653)</u>	<u>(75,078)</u>
Net cash flows used in operating activities			
Cash flows from financing activities			
Proceeds from issue of shares		3,004,000	-
Expenses of issue of shares		(176,785)	-
Proceeds/(Repayment) of convertible note		(250,000)	250,000
		<u>2,577,215</u>	<u>250,000</u>
Net cash flows from financing activities			
		<u>1,918,562</u>	<u>174,922</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period		83,223	52,916
		<u>2,001,785</u>	<u>227,838</u>
Cash and cash equivalents at end of period			

WASHINGTON RESOURCES LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Issued capital	Accumulated losses	Total Equity
At 1 July 2004	515,000	(400,335)	114,665
Total income and expense for the period recognised directly in equity	-	-	-
Loss for the period	-	(25,813)	(25,813)
Total income/(expense) for the period	-	(25,813)	(25,813)
Issue of share capital	-	-	-
Convertible note	250,000	-	250,000
At 31 December 2004	765,000	(426,148)	338,852
At 1 July 2005	1,541,250	(1,071,618)	469,632
Total income and expense for the period recognised directly in equity	-	-	-
Loss for the period	-	(746,422)	(746,422)
Total income/(expense) for the period	-	(746,422)	(746,422)
Issue of share capital	3,607,500	-	3,607,500
Cost of share issue	(253,966)	-	(253,966)
Convertible note repayment	(250,000)	-	(250,000)
At 31 December 2005	4,644,784	(1,818,040)	2,826,744

WASHINGTON RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Washington Resources Limited as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable to financial years beginning before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Washington Resources Limited during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared on a historical cost convention.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The half-year financial report complies with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Accounting Standard IAS 34 "Interim Financial Reporting".

This is the first half-year financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly except for the adoption of AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement. The company has adopted the exemption under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards from having to apply AASB 132 and AASB 139 to the comparative period.

There has been no material impact on adoption of AIFRS on

- the total equity as at the date of transition to AIFRS (1 July 2004), as at 31 December 2004 or as at 30 June 2005; or
- the net profit after tax or cash flows for the half-year ended 31 December 2004 or the full year ended 30 June 2005.

WASHINGTON RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT
(Continued)

(c) Summary of Significant accounting policies

(i) Exploration, Evaluation and Development Costs

Costs incurred during exploration and evaluation activities related to an area of interest are accumulated at cost.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest, or alternatively its sale, or where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise economically recoverable reserves, and active operations are continuing.

Accumulated costs in relation to abandoned areas of interest are written off in full in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(ii) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 2 to 15 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication exists of impairment and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

WASHINGTON RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT
(Continued)

(c) Summary of Significant accounting policies (Continued)

(ii) Plant and equipment (Continued)

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(iii) Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(iv) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

WASHINGTON RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT
(Continued)

(c) Summary of Significant accounting policies (Continued)

(v) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(vi) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(vii) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(viii) Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

WASHINGTON RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT
(Continued)

(c) Summary of Significant accounting policies (Continued)

(ix) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(x) Income tax

Current tax assets and liabilities for the current period and prior periods are measured at amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used for computations are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

WASHINGTON RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT
(Continued)

(c) Summary of Significant accounting policies (Continued)

(x) Income tax (Continued)

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(xi) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xii) Interest in joint ventures

The company's interest in its joint venture is accounted for by recognising the Company's share of assets and liabilities from the joint venture, as well as expenses incurred by the Company and the Company's share of income earned from the joint venture, in the financial statements.

WASHINGTON RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT
(Continued)

(c) Summary of Significant accounting policies (Continued)

(xiii) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(xiv) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the company adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the company adjusted for:

- costs of servicing equity (other than dividends),
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTE 2: REVENUE AND EXPENSES

Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the company:

	2005	2004
	\$	\$
(i) Revenue from ordinary activities		
Interest	10,216	-
(ii) Expenses		
The issue of shares at fair value of 13.5 cents to promoters of the company at 0.1 cent per share was received in cash. The difference between the issue price and the fair value has been allocated to other expenses.	536,000	-

NOTE 3: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities.

WASHINGTON RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 4: SEGMENT INFORMATION

The company operates in one business segment, being the mineral exploration business and one geographical area, being Australia.

NOTE 5: SUBSEQUENT EVENTS

On 28 February 2006 the company has exercised options to acquire 26,572,961 shares in the Johannesburg listed company, Sallies Limited. The consideration for the acquisition was the issue of 8,858,320 shares in the company.

On 27 February the company has issued 425,000 shares for cash on exercise of share options at an issue price of \$0.20 per share raising \$85,000.

NOTE 6: RELATED PARTY TRANSACTIONS

	2005	2004
	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
During the half-year the following transactions were undertaken between the company, executive officers and director-related entities		
Company secretarial fees were paid to Camcove Pty Ltd, a company of which Robert Hair is a director and shareholder	48,173	12,155

NOTE 7: DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed during the period (2004: \$nil).

WASHINGTON RESOURCES LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

NOTE 8: EQUITY

	As at	As at
	31 December 2005	30 June 2005
	\$	\$
Ordinary shares fully paid	4,644,784	1,291,250
Convertible Note	-	250,000
	4,644,784	1,541,250
	Number	\$
Movements in shares on issue		
Beginning of the financial period	16,600,006	1,291,250
- shares issued to company promoters	4,000,000	540,000
- shares issued to acquire exploration tenements	500,000	67,500
- shares issued by way of Initial Public Offering	15,000,000	3,000,000
- costs relating to share issue	-	(253,966)
End of the financial period	36,100,006	4,644,784

8(a)

(a) The convertible note was repaid during the period.

Independent review report to members of Washington Resources Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Washington Resources Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the period ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Washington Resources Limited and the entities it controlled during the half-year is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Russell Curtin

Partner

Perth

15 March 2006