

WASHINGTON RESOURCES LIMITED (ASX: WRL)

HIGHLIGHTS

Operations:

- **Continued encouraging results at Yarawindah Brook (Washington 80%)**

Corporate:

- **Northern Uranium floats successfully on ASX**
 - **AGM held on 30 November 2006**
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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 three announcements during the quarter (1 December 2006, 18 December 2006 and 21 December 2006) about the progress of exploration at Yarawindah, which continues to be encouraging, and an update was sent to shareholders in early December 2006.

CORPORATE

Northern Uranium Limited

In accordance with its policy to provide value to shareholders, Washington, in conjunction with Polaris Metals NL, committed to floating their joint uranium assets in 2006. Subsequently, Northern Uranium Limited A.C.N. 119 966 353 was incorporated in May, with two directors each nominated by Polaris and Washington making up a four member Board of Directors.

Northern Uranium's initial public offering ("IPO") on ASX was successful, with the IPO closing fully subscribed (20,000,000 shares at 20¢ per share, thereby raising

\$4,000,000 before costs of the IPO). Northern Uranium's share price as at the close of trading on 25 January 2007 was \$0.85.

Washington holds a 25% interest in Northern Uranium following the completion of the IPO (10 million shares), and Polaris and Washington shareholders were offered a Priority Entitlement.

Annual General Meeting

The Company's AGM was held on 30 November 2006, and all resolutions were passed unanimously.

The Company's remuneration report was approved; Scott Huntly was re-elected as a Director of the Company; and the issue or grant of shares or options to Directors under the Company's Share Plan and Option Plan was approved.

Employee Share and Option Plans

During the quarter, following the AGM, 1,150,000 shares were allotted and issued to Directors under the Share Plan at \$0.25 per share and loans for that purpose of \$230,000.00 in total were extended. In addition, 400,000 options were granted under the Option Plan to a Director, with the exercise price being \$0.25 per option and the expiry being 30 June 2010.

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.

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")

31 December 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 Months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(82)	(192)
(b) development	-	-
(c) production	-	-
(d) administration	(141)	(319)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	40	54
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	(183)	(457)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	(100)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	2,853
(c)other fixed assets	(5)	(5)
1.10 Loans to other entities	-	(44)
1.11 Loans repaid by other entities	199	199
1.12 Other (provide details if material)	-	-
Net investing cash flows	194	2,903
1.13 Total operating and investing cash flows (carried forward)	11	2,446

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	11	2,446
	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	11	2,446
1.20	Cash at beginning of quarter/year to date	4,045	1,610
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,056	4,056

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	(85)
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	4,056	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)	4,056	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	None		--	--
6.2 Interests in mining tenements acquired or increased	E70/3080	Reversion Application	--	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	1,150,000	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	400,000	Nil	\$0.25	30 June 2010
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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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: 29 January 2007

Print name: Robert 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.