ASX: WRL

5 November 2009

Media ASX Announcement

To: Company Announcements Office
Australian Securities Exchange
Level 4 Exchange Centre
20 Bridge Street
Sydney NSW 2000

WASHINGTON RESOURCES ACQUISITION OF FERRUM CRESCENT LIMITED
MERGER UPDATE ANNOUNCEMENT

The Directors of Washington Resources Limited (**Washington Resources** or **Company**) are pleased to announce the following update regarding the proposed merger between the Company and Ferrum Crescent Limited (**Ferrum Crescent**), a company that has a 74% interest in the advanced Turquoise Moon Iron Project (**Project**), which consists of the Moonlight Deposit and the De Loskop Prospect, located in the Limpopo region of South Africa, as announced on 17 September 2009.

As at the date of this announcement, the Company has received **in excess of 96% acceptances** from Ferrum Crescent Securityholders, satisfying the minimum acceptance condition of 90%. This signifies a significant step forward for the Company in completing the proposed merger with Ferrum Crescent. The outstanding acceptances are held predominantly by entities domiciled overseas and the Company is confident of obtaining the balance of the acceptances shortly.

Shareholders will be entitled to vote on the resolutions pursuant to the proposed merger with Ferrum Crescent at the Company's Annual General Meeting to be held on 30 November 2009. Washington Resources shareholder approval is the final condition precedent to be satisfied pursuant to the proposed merger with Ferrum Crescent.

The offer to Securityholders of Ferrum Crescent was due to close at 5:00 pm (WST) on 4 November 2009. However, to enable the Company to obtain the remaining acceptances, the Company has resolved to extend the offer to Securityholders of Ferrum Crescent until **Wednesday 11 November 2009**. The Company is confident that this extension will provide enough time to obtain the remaining acceptances from those Ferrum Crescent Securityholders that have not yet accepted.

In addition, as announced on 4 November 2009, the Company has completed its Fully Underwritten Non-renounceable Rights Issue of Options to existing shareholders, with **approximately 60% of Washington Resources shareholders accepting the offer**. The shortfall is currently being placed by the Company's underwriter, Sonray Corporate Pty Ltd, which is due to be completed on or before 6 November 2009. The funds raised under the offer, being approximately $49,429 will be applied to general working capital.

For further information, please contact Mr Gino D'Anna on + 61 8 9485 0755.

Gino D'Anna
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Washington Resources Limited
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For more information on the Company visit www.washingtonresources.com.au

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Overview of Moonlight Deposit and De Loskop Prospect (Project)

The Project areas consist of the Moonlight Deposit and the De Loskop Prospect, located in the Limpopo province of South Africa (see Figure 1). Ferrum Crescent has a South African partner with extensive experience in the mining industry in South Africa, which provides the Company with additional insights into the mining laws and operations in South Africa.

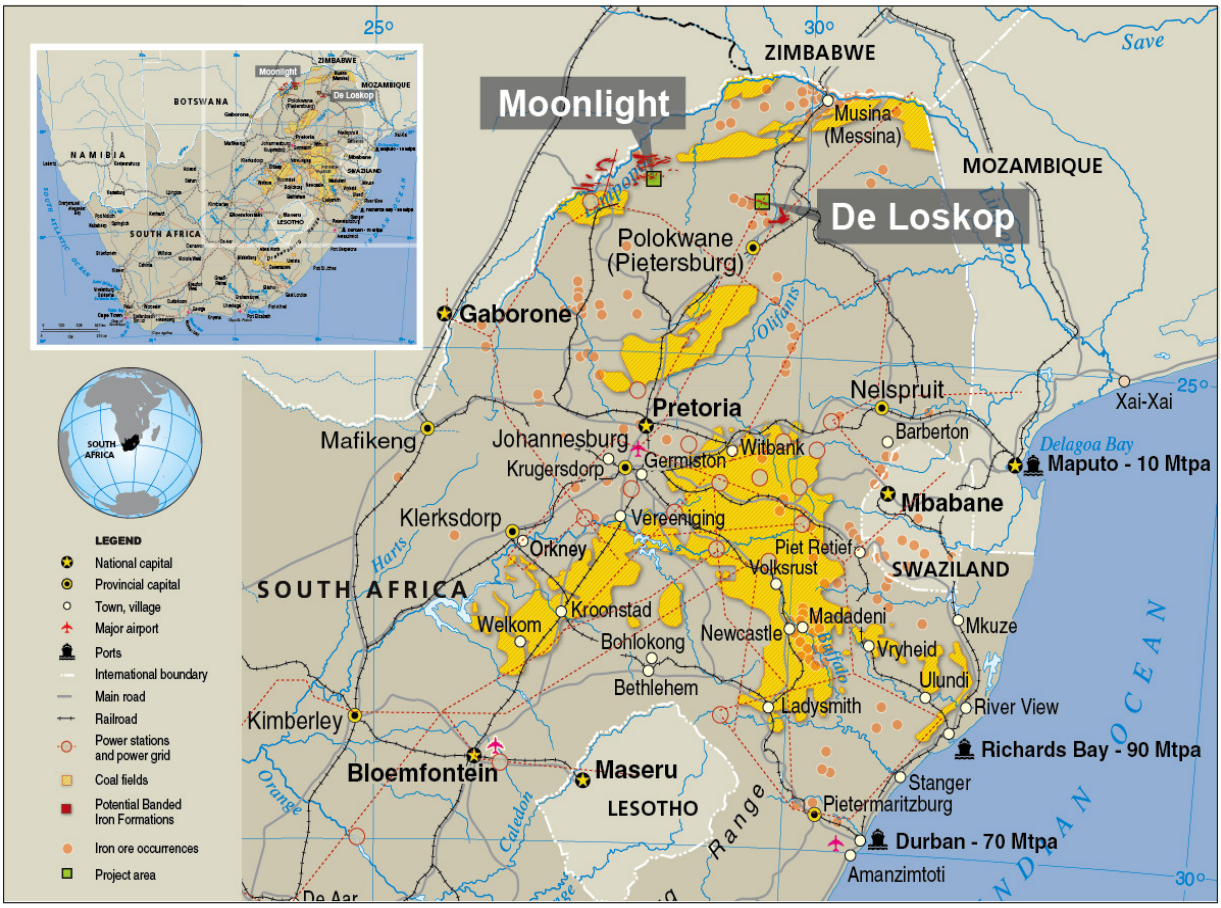

Figure 1: Project Location Map

The Project's Moonlight Deposit was explored by the South African, Iron and Steel Corporation (ISCOR) between 1983 and 1997. This work detailed and included extensive drilling campaigns and metallurgical and engineering testwork, culminating in resource estimates and mining studies. Historical Project data has been verified by confirmation drilling and resource estimates, resulting in an initial JORC-compliant Inferred Resource of 320Mt grading at 32% Fe in respect of the Moonlight Deposit.

The De Loskop Prospect contains an exploration target of iron-ore mineralisation ranging from 200Mt to 1,000Mt at a grade of between 30% Fe and 40% Fe. The target formation, the Zandrivierspoort Banded Ironstone Formation (BIF), hosts mineralisation at a locality 35km to the SE at a grade of 34.9% Fe where the geology of the deposits is well understood as a result of historical exploration having been undertaken by ISCOR.

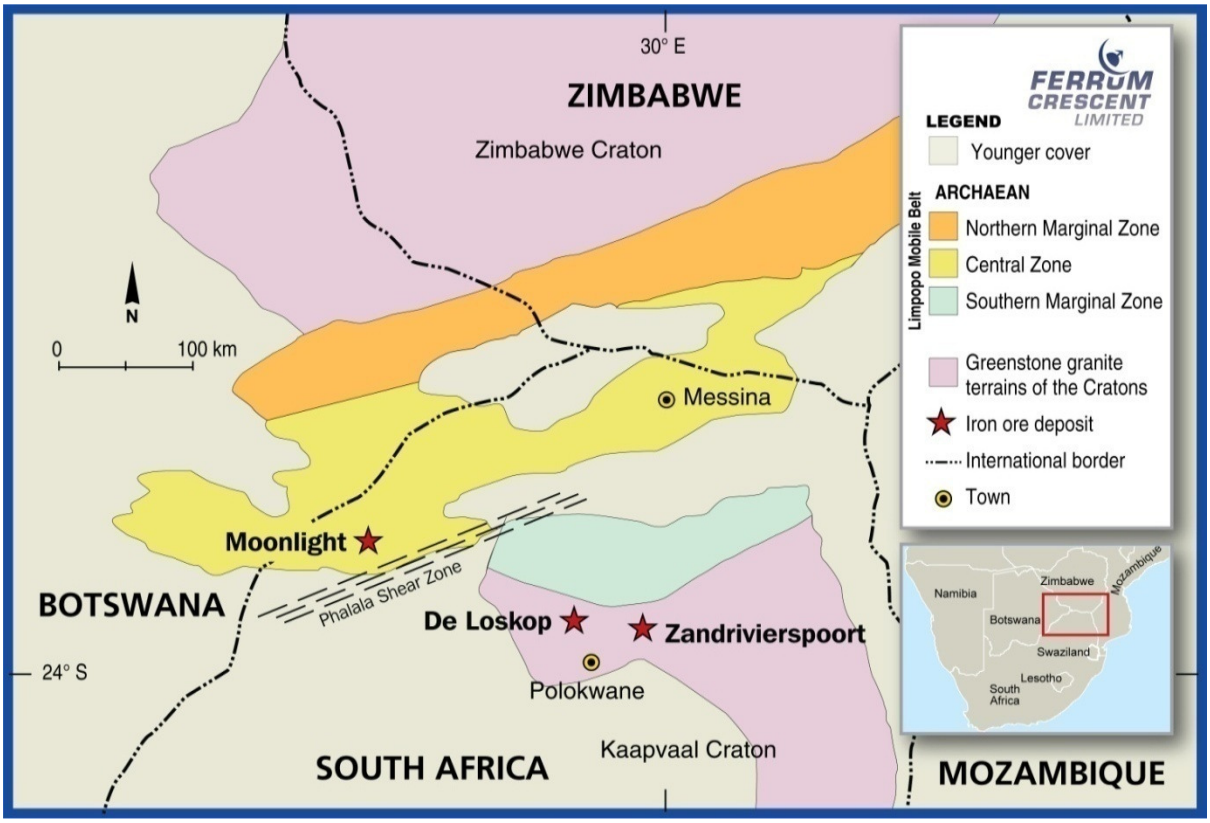

Figure 2: Geology and Mineralisation of Project Areas

Access to the Projects is available via the use of sealed roads, unsealed roads and tracks. The Moonlight Deposit lies 150km North-West of Polokwane (formerly Pietersburg) and only 8km South of Marnitz Township on major highway N1.

The De Loskop Prospect is 50km North of Polokwane, and can be accessed by secondary roads and farm tracks. There is additional infrastructure in the way of air, rail and energy (coal and coal seam gas).There is a main arterial road within 100km of the project and there is a railway line within 160km. These can provide access to intermediate storage facilities prior to export via a port such as Maputo or Richards Bay.

In 2008, RC samples from the Moonlight Deposit were evaluated for determination of concentrate grade and weight % recovery of magnetite. This confirmed the magnetite was amenable to magnetic separation at very coarse grind sizes, with excellent recovery and low contaminates. A mass yield of 46% was achieved at a grind size between 220 and 238ц with concentrate grades of 67% Fe and 4.57% SiO_2.

Magnetite occurs close to the surface within Banded Ironstone Formations (BIF) interbedded with granitic gneisses and granulites. Metamorphism had resulted in a coarse grained, magnetite quartz rock, with widths of up to 50 meters of BIF occurring in the locality.

The geology of the deposits is also very well understood and domained, with historical exploration being undertaken by ISCOR over the period 1983 and 1986, which was later verified by Ferrum Crescent.

The host is a quartz-magnetite rock producing outstanding recovery of magnetite with very low levels of contaminants at course grind sizes. The Company has conducted testwork on three samples which yielded exceptionally good results with silica levels in concentrate less than 5% at a very coarse grind size of 220 microns.

Metallurgical testwork carried out at the Moonlight Project has confirmed that low intensity magnetic separation can be used for optimum separation. Separation was achieved with 80% passing through a size of 150ц and a mass yield of 50% with final product grades of 69.7%Fe, 2.05%SiO_2, 0.40%Al_2O_3, and 0.01%P (Fe recovery 88%).

Figure 3: Large BIF boulder on ridge in NE of Moonlight Area - Note the banding and folding (CRM, 2009)

The grain size of the Project's mineralisation is coarser than in comparable deposits worldwide, so production of a commercial concentrate is estimated to cost less and require less energy. The potential viability of iron production of 1 million tonnes per annum on site, in the form of pig iron or magnetite pellets, will be investigated through preliminary scoping studies, as a matter of priority by the Company following completion of the acquisition.

Competent Persons Statement:

The information in the report is based on information compiled by Parmesh Vakil and John Doepel who are Members of the Australasian Institute of Mining and Metallurgy with a minimum of five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Vakil is a contract employee of Washington Resources Pty Ltd and Mr Doepel is Principal Geologist at Continental Resource Management Pty Ltd. Both Mr. Vakil and Mr Doepel have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.