

1. DETAILS OF THE ISSUE

1.1 Offer of Shares

By this Prospectus, 15,000,000 Shares are offered for subscription at \$0.20 (20 cents) each, payable in full on Application, to raise \$3,000,000 before expenses of the Issue. All Shares offered by this Prospectus will be issued as fully paid shares and will rank equally in all respects with Existing Shares.

1.2 Minimum Subscription

The minimum amount to be raised under the Offer is \$2,500,000. If Washington does not receive this amount by the Closing Date (which may be extended without notice), or such later date as permitted under the Corporations Act and as the Board may define, all Application monies will be refunded in full without interest, in accordance with the Corporations Act, and no Shares offered under this Prospectus will be allotted or issued.

1.3 Indicative Timetable

Opening Date	29 August 2005
Closing Date	16 September 2005
Holding Statements dispatched	21 September 2005
Trading commences on ASX	28 September 2005

Applications under this Prospectus may be lodged at any time after the Opening Date. The above dates are indicative only. The Company reserves the right to vary the dates and times of the Offer under this Prospectus, including the Closing Date, without prior notice, which may have a consequential impact on the other dates shown above.

1.4 Use of Funds

If the Offer is fully subscribed up to \$3,000,000, the proceeds of the Offer will be used for:

- further exploration, drilling and development of the Yarawindah Brook PGE project near Perth, Western Australia;
- regional exploration, based on the Yarawindah model, to encompass other areas of identified mineralisation at Bindi Bindi and greenfields targets within the Jimperding Igneous Complex;
- exploration for gold and base metals in the Tennant Creek Inlier and near the Granites, both in the Northern Territory;
- exploration for PGE and base metals in the Musgrave Block, also in the Northern Territory;
- evaluation of opportunities presented through the Strategic Alliance with Dwyka;

- working capital to meet general administration and operating costs, and
- expenses of the Issue.

Based on information now known and current circumstances, it is intended that the funds raised will be applied as outlined in the table below.

Allocation of funds	Minimum subscription	Fully subscribed
Exploration programs – Western Australia		
Yarawindah Brook	\$220,000	\$437,000 ⁽¹⁾
Bindi Bindi	\$129,000	296,000 ⁽¹⁾
Exploration programs – Northern Territory		
Granites	\$149,000	\$198,000
Kulgera	\$62,000	\$234,000
Kurundi	\$70,000	\$245,000
Other		
Tenement acquisition costs ⁽²⁾	\$300,000	\$300,000
Allocation for the Dwyka Strategic Alliance	\$150,000	\$320,000
Assessment of Sallies	\$70,000	\$70,000
Repayment of Dwyka Convertible Note ⁽³⁾	\$250,000	\$250,000
Administration expenses	\$885,490	\$445,490
Issue costs	\$214,510	\$204,510
Total	\$2,500,000	\$3,000,000

Notes

- (1) Some expenditure shown as allocated to Yarawindah Brook and Bindi Bindi may be re-allocated to the areas of the Company's Western Australian ELAs if they are granted within the two-year period.
- (2) Refer to Section 8 of this Prospectus for further details
- (3) Refer to Section 12.4(c) of this Prospectus for further details.

In the event that the Company raises more than the Minimum Subscription but less than the Maximum Subscription, then the Company will apply funds received over the Minimum Subscription amount to exploration programs in Western Australia and the Northern Territory (as set out in the table above), to the Dwyka Strategic Alliance and to administration expenses. Initially, the Company will focus on exploration of its PGE, base-metal and gold prospects in Western Australia and the Northern Territory, where advanced geological models suggest there is a relatively high probability of success.

Further particulars of the proposed exploration programs in Western Australia and the Northern Territory are set out in Section 4 and in the Independent Geologist's Report in Section 7 of this Prospectus.

The Directors are satisfied that, upon completion of the Offer, the Company will have sufficient working capital to apply the funds as detailed in this section and to operate and administer the Company in accordance with its stated objectives.

1.5 Acquisition of Equity in Sallies

Washington has entered into option agreements with seven (7) holders of shares in JSE-listed Sallies. Following completion of the Offer, Washington will conduct due diligence enquiries on Sallies to assess whether or not to exercise the options and acquire 26,572,961 shares in that company. For further information on Sallies, see Section 6 of this Prospectus, and for details of the option agreements to acquire shares in Sallies refer to Section 12.4(a) of this Prospectus.

1.6 Applications for Shares

An Application for Shares can only be made by completing the Application Form contained in this Prospectus in accordance with the instructions set out on that form.

Applications must be for a minimum of 10,000 Shares at a price of \$0.20 (20 cents) each and thereafter in multiples of 5,000 Shares. The Application Form must be accompanied by a cheque, denominated in Australian dollars ("A\$"), for the full amount of the Application monies. Cheques must be made payable to 'Washington Resources Limited Share Issue Account' and should be crossed 'Not negotiable'.

Completed Application Forms and accompanying cheques may be lodged before the Closing Date in person at, or by post to:

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000
AUSTRALIA.

Applications for Shares pursuant to the Offer will not be accepted after the Closing Date and Applications will not be processed until after the Exposure Period.

Further instructions on completing the Application Forms can be found in Section 15 of this Prospectus.

The lodgement of an Application Form for Shares, together with a cheque for the Application monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form.

The Application Form does not need to be signed to be a valid Application.

An Application will be deemed as having been accepted by the Company upon allotment of the Shares.

If an Application Form is not completed correctly, or if the accompanying payment of the appropriate Application monies is for the wrong amount, it may still be treated by the Company as valid. The Directors' decision as to whether to treat the Application as valid, and how to construe, amend or complete the Application Form, is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application monies.

All Application monies will be held by the Company on trust for Applicants until the Shares offered hereunder are issued or subscription monies returned to unsuccessful Applicants, without interest.

The Directors may reject any Application or allocate fewer Shares than applied for.

1.7 On-line Prospectus

This Prospectus may be viewed on-line during and after the Exposure Period by Australian residents in Australia at the Company's website:

www.washingtonresources.com.au

The Corporations Act prohibits any person passing on to another person an Application Form unless it is attached to a hard copy of this Prospectus or accompanies the complete and unaltered version of this Prospectus.

Any person may obtain a hard copy of this Prospectus free of charge from the commencement of the Exposure Period up to the Closing Date by phoning the Company on (+61 8) 9485 0755.

Applicants can apply on an Application Form printed from the on-line Prospectus but there is no facility for Applications to be accepted electronically.

1.8 Rights Attaching to Shares

For details of the rights attaching to Shares, refer to Section 12.1 of this Prospectus.

1.9 Allotment of Shares

Allotment of Shares will be made as soon as practicable after the Closing Date. Where the number of Shares allotted is less than the number applied for, the surplus Application monies will be returned by cheque as soon as possible.

Where no allotment is made, the amount tendered on Application will be returned in full by cheque, together with the relevant Application Form, within seven (7) Business Days after the Closing Date. Interest will not be paid on monies refunded.

1.10 ASX Listing

The Company will apply to the ASX within seven (7) days after the date of this Prospectus for admission to the Official List of the ASX and for quotation of the Shares offered under this Prospectus (apart from any existing or other shares that may be designated by the ASX as restricted securities).

If granted, official quotation of the Shares offered under this Prospectus will commence as soon as practicable after allotment.

If the ASX does not grant official quotation of the Shares offered under this Prospectus within three (3) months after the date of this Prospectus (or such longer period as may be allowed under the Corporations Act), none of the Shares offered under this Prospectus will be allotted or issued. If no allotment or issue is made, all Application monies received pursuant to this Prospectus will be repaid to the Applicants as soon as possible. No interest will be repaid on refunded amounts.

The Directors will not allot any Shares offered for subscription under this Prospectus unless and until the ASX grants the Company approval to be admitted to the Official List.

The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication or endorsement by the ASX of the merits of the Company or the Shares offered by this Prospectus. The ASX takes no responsibility for the contents of this Prospectus, including any experts' or consultants' reports contained in this Prospectus.

1.11 Restricted Securities

As a condition of admitting the Company to the Official List, the ASX may classify certain Existing Shares and certain other Shares issued as consideration for or in connection with the acquisition of mining tenements (as referred to in Section 8) or promotion of the Company as restricted securities, which means that the relevant Shares are unable to be traded or dealt with in a prescribed period. Prior to quotation, it will be necessary for the parties owning or controlling those restricted securities to enter into restriction agreements with the Company in a form approved by the ASX. Under these restriction agreements, restricted securities cannot be dealt with for such period as determined by the ASX, unless otherwise agreed to by the ASX.

1.12 Applicants Residing Outside Australia

Investors residing outside Australia should consult their professional advisers as to whether government or other consents are necessary or need to be observed before taking up Shares offered under this Prospectus.

Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Therefore, those outside Australia into whose possession this Prospectus comes should seek advice on and observe any such restrictions.

No action has been taken to register or qualify the Shares or otherwise permit the public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or extend such an invitation.

1.13 CHES

Upon the Company's being admitted to the Official List of the ASX, it will be admitted to participate in CHES. ASTC, a wholly owned subsidiary of the ASX, operates CHES in accordance with the Listing Rules and the ASTC Settlement Rules. On admission to CHES, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHES sub-register. Together, these two sub-registers will make up the Company's principal register of securities.

The Company will not issue certificates to Applicants. Rather, as soon as possible after allotment, successful Applicants will receive a holding statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus.

For investors who elect to hold their Shares on the CHES sub-register the Company will, on allotment, issue an advice to investors that sets out the number of Shares allotted to the investor under this Prospectus and, at the end of the month following the allotment, CHES (acting on behalf of the Company) will provide investors with a holding statement that confirms the number of Shares allotted.

A holding statement (whether issued by CHES or the Company) will also provide details of a Shareholder's Holder Identification Number (in the case of a holding on the CHES sub-register) or Shareholder Reference Number (in the case of a holding on the issuer-sponsored sub-register). Following distribution of these initial holding statements, an updated holding statement will only routinely be provided at the end of any month during which changes occur to the number of Shares held. Shareholders may also request statements at any other time. However, the Company may charge an administration fee for this.

Holders of Existing Shares and other Shares that may be subject to an escrow period will, following Official Quotation of those Existing Shares and other Shares by the ASX, receive holding statements in the Company to replace the share certificates held by them.

1.14 Not Underwritten

The Offer is not underwritten.

1.15 Enquiries

If you have any queries about the Offer or how to apply for Shares, you may contact the Company by telephone on (+61 8) 9485 0755 or email:

admin@washingtonresources.com.au

You should consult your stockbroker, accountant or other financial or professional adviser when considering your own circumstances with respect to an investment in the Company.