

ANNOUNCEMENT

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Consolidation of Nullagine Gold & Antimony Project ownership

Northwest Resources Limited (**Northwest**) is pleased to announce it has entered into a conditional agreement to acquire the 35% minority interest in its flagship Nullagine Gold & Antimony Project. The consideration for the proposed acquisition will be the issue of 45,000,000 ordinary shares in Northwest equating to a 24.25% interest in the capital of Northwest on a fully diluted basis.

Consolidating ownership of the Nullagine Gold & Antimony Project has been a key objective of the Board and management. The acquisition, if approved by shareholders:

- will give Northwest access to 100% of future cashflows from developing the Blue Spec-Golden Spec underground mining operation and from the Camel Creek Joint Venture with Millennium Minerals; and
- will result in a simpler corporate and ownership structure that will facilitate potential off-take, debt and equity financing for the project.

The proposed acquisition will require shareholder approval under both the ASX Listing Rules and the Corporations Act. The acquisition agreement is conditional on:

- Northwest obtaining an independent expert's report stating that, in the opinion of the expert, the proposed acquisition is fair and reasonable to non-associated shareholders; and
- shareholders of Northwest passing all resolutions necessary to approve the proposed acquisition.

The consideration shares in Northwest to be issued if the acquisition is approved will be subject to a 12 month escrow period under ASX Listing Rules.

BDO Corporate Finance (NSW-VIC) Pty Limited assisted the independent directors of Northwest in structuring the price and terms of the proposed acquisition.

Northwest has appointed Grant Thornton as the independent expert to report to shareholders on the proposed acquisition and their report will include an Independent Valuation Report relating to the Nullagine Gold & Antimony Project.

The vendor of the 35% interest in the project is Gloucester Nominees Limited. John Lindsay Merity, the father of Northwest's Managing Director, will have a relevant interest in the consideration shares which would be issued to Gloucester Nominees Limited if the proposed acquisition is approved by shareholders. Having regard to this, a rigorous procedure was put in place by Northwest's independent directors by which BDO Corporate Finance's advice was provided to, and the negotiations for this transaction were conducted by, the independent directors.

Subject to Grant Thornton's independent expert report to shareholders determining that the proposed acquisition is fair and reasonable to non-associated shareholders, Northwest will convene a General Meeting of shareholders to consider the proposed acquisition. The Notice of Meeting will include an Explanatory Statement which will contain all the information necessary for shareholders to assess the proposed acquisition including the relevant interest in Northwest shares of the vendor and its related parties pre and post transaction. At the General Meeting interests associated with the vendor and its related parties will not be entitled to vote.

Subject to the preparation of Grant Thornton's independent expert's report to shareholders and the Company's Notice of Meeting, Northwest expects to call the General Meeting to consider the proposed acquisition in the first quarter of 2012.

For more information please contact:

Jim Colquhoun
Chairman

Tel: +61 2 967 7661
Email: info@nw-resources.com.au

or visit Northwest's website at www.nw-resources.com.au