

# ANNOUNCEMENT

Date: 8 August 2011 | Number: 4/2011



## Golden Spec Gold & Antimony Resource Doubles

Northwest Resources Limited (**Northwest**) is pleased to announce that it has increased its JORC reported Mineral Resource estimate at the Golden Spec deposit by 113% to **75,000 ounces of gold and 2,300 tonnes of antimony** (refer to Table 1). Within the mineral resource are high grade zones estimated to contain **49,000 ounces of gold grading 18 g/t and 1,750 tonnes of antimony (Sb) grading 2.1%**. Northwest is confident that this robust Mineral Resource estimate at Golden Spec will underpin profitable underground mining operations at the Golden Spec and Blue Spec deposits.

The Company is also pleased to announce a maiden JORC reportable compliant Mineral Resource estimate for the Red Spec deposit of **18,000 ounces gold** (refer to Table 2). Red Spec lies only 150m east of the Blue Spec deposit and the maiden Mineral Resource confirms Northwest's view that the Blue Spec Shear has the potential to host multiple new deposits of gold and antimony.

The increased and new Mineral Resource estimates take the Nullagine Gold & Antimony Project global resource to **402,000 ounces of gold and 9,000 tonnes of antimony** (which has a current market price of around US\$14,750 per tonne). The updated mineral resource estimate for the project is set out at the end of this announcement.

### Golden Spec

The Golden Spec Mineral Resource upgrade is the product of a recent structural re-interpretation of the Golden Spec deposit and two targeted drilling programmes designed to test the new interpretation. The Mineral Resource estimate was completed by CSA Global Pty Ltd (**CSA Global**) in consultation with Northwest geologists. The deposit comprises two steeply dipping lodes (East and West) within an east-west trending shear zone. The two lodes are each around 50-150m in strike length and are around 2m in thickness.

**Table 1: Golden Spec Mineral Resource estimate**

| Category     | Tonnes         | g/t Au     | Contained Au (oz) | % Sb        | Contained Sb (t) |
|--------------|----------------|------------|-------------------|-------------|------------------|
| Indicated    | 109,000        | 4.9        | 17,300            | 0.54        | 590              |
| Inferred     | 164,000        | 10.9       | 57,300            | 1.04        | 1,700            |
| <b>Total</b> | <b>274,000</b> | <b>8.5</b> | <b>74,600</b>     | <b>0.84</b> | <b>2,290</b>     |

*1g/t Au cut-off. Differences may occur due to rounding errors.*

The difference in grade between the 2007 Mineral Resource estimate and the current Mineral Resource estimate is attributable to the inclusion of new near-surface lower grade material. It is important to note that within the current Mineral Resource there are high grade zones estimated to contain 49,000 ounces of gold grading 18 g/t and 1,750 tonnes of antimony grading 2.1%. A clear trend at both Golden Spec and Blue Spec is increasing grade with depth and Northwest anticipates that further drilling from underground will increase the overall grade of Golden Spec. Figure 2 shows the modelled resource blocks and grade distribution in the Golden Spec deposit.

Northwest believes that there is significant potential to further increase the size of Golden Spec through further drilling as the deposit is open to the east and at depth (the Blue Spec deposit has been defined to a depth of 850m).

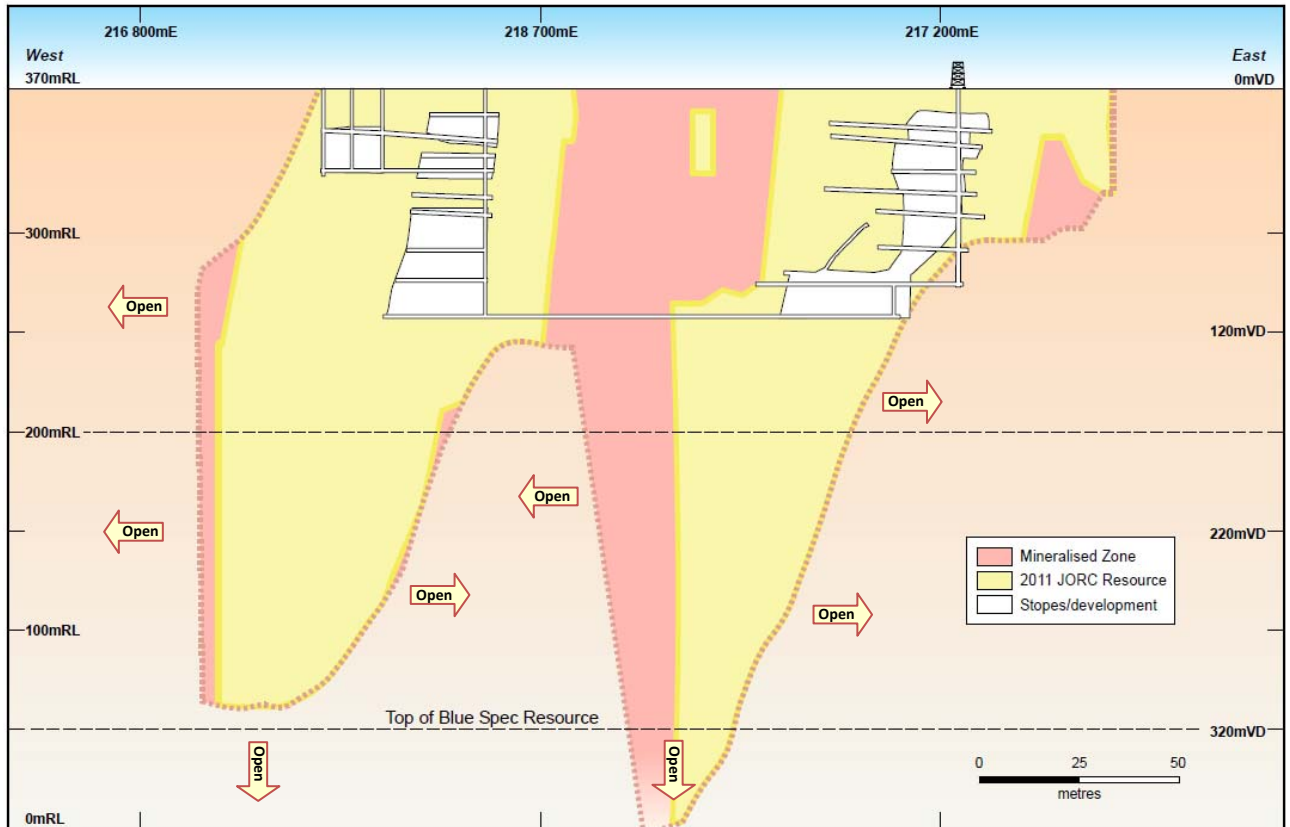


Figure 1: Golden Spec long section

The increased Mineral Resource estimate for Golden Spec will allow the Company to complete an underground mine design and mining plan for the development of the Golden Spec and Blue Spec deposits. As previously announced, Northwest expects shortly to call for expressions of interest from a number of established underground mining contractors to submit proposals for the underground development of the combined Golden Spec - Blue Spec deposits.

The Company believes that the increase in contained antimony (Sb) is significant for the overall project. Antimony is a metal with a wide variety of industrial applications and is present in many products in everyday use. In 2010, the EU declared antimony one of 14 technology metals critical to European industry facing supply challenges. Northwest believes that production of antimony as a by-product of future gold mining operations at Golden Spec and Blue Spec has the potential to be a valuable source of additional revenue.

Northwest remains a committed and effective explorer. The 40,000 ounces of gold added to the Golden Spec Mineral Resource estimate was achieved by drilling in the last 12 months at a drilling discovery cost of approximately \$6 per oz.

### Golden Spec Resource Estimate Methodology

A geological model (quartz deformation zone) was jointly constructed by CSA and Northwest based on lithology, vein intensity and deformation zone logging, and guided by assays. Within the quartz deformation zone, a grade shell model with 0.5 g/t Au cut-off was created, and was interpolated using an ordinary kriged (OK) model. All available Northwest drilling data was utilised in the wireframing and estimation processes.

The Mineral Resource estimate is based on 20 diamond drill holes and 122 RC drill holes totalling 13,360m. A bulk density of 2.8 g/cm<sup>3</sup>, based on 40 specific gravity measurements from previous diamond drilling in 2006, has been assigned to all material. Statistical analysis of assay data resulted in a top cut of 50 g/t Au for the Eastern Lode and 16 g/t Au for the Western lode.

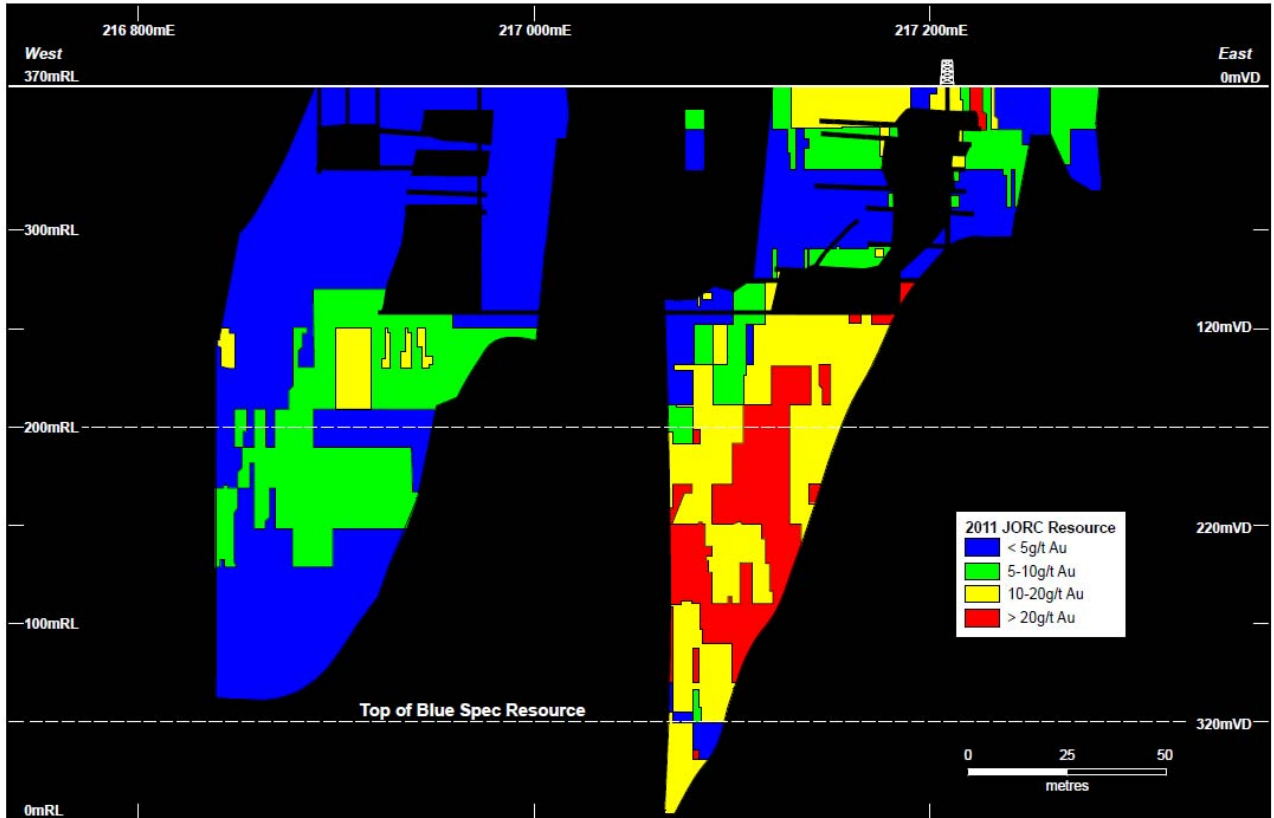


Figure 2: Golden Spec resource blocks

## Red Spec

The Red Spec deposit lies approximately 150m east of the Blue Spec deposit. The results of drilling programmes undertaken by Northwest in 2007 at Red Spec were reviewed as part of the structural re-interpretation of the Blue Spec Shear. The Mineral Resource estimate was completed by CSA Global in consultation with Northwest geologists. The geological interpretation of Red Spec is based upon substantial drilling and field reconnaissance work by CSA Global. The mineralisation at Red Spec is controlled by a sub-vertical brittle, 2 to 3m wide ductile shear zone with lateral displacement and secondary tensile splay structures.

Table 2: Red Spec Mineral Resource estimate

| Category     | Tonnes         | g/t Au     | Contained Au (oz) | % Sb        | Contained Sb (t) |
|--------------|----------------|------------|-------------------|-------------|------------------|
| Indicated    | 160,000        | 1.8        | 9,500             | 0.01        | 160              |
| Inferred     | 130,000        | 2.0        | 8,400             | 0.01        | 130              |
| <b>Total</b> | <b>290,000</b> | <b>1.9</b> | <b>17,900</b>     | <b>0.01</b> | <b>290</b>       |

*0.5g/t Au cut-off. Differences may occur due to rounding errors.*

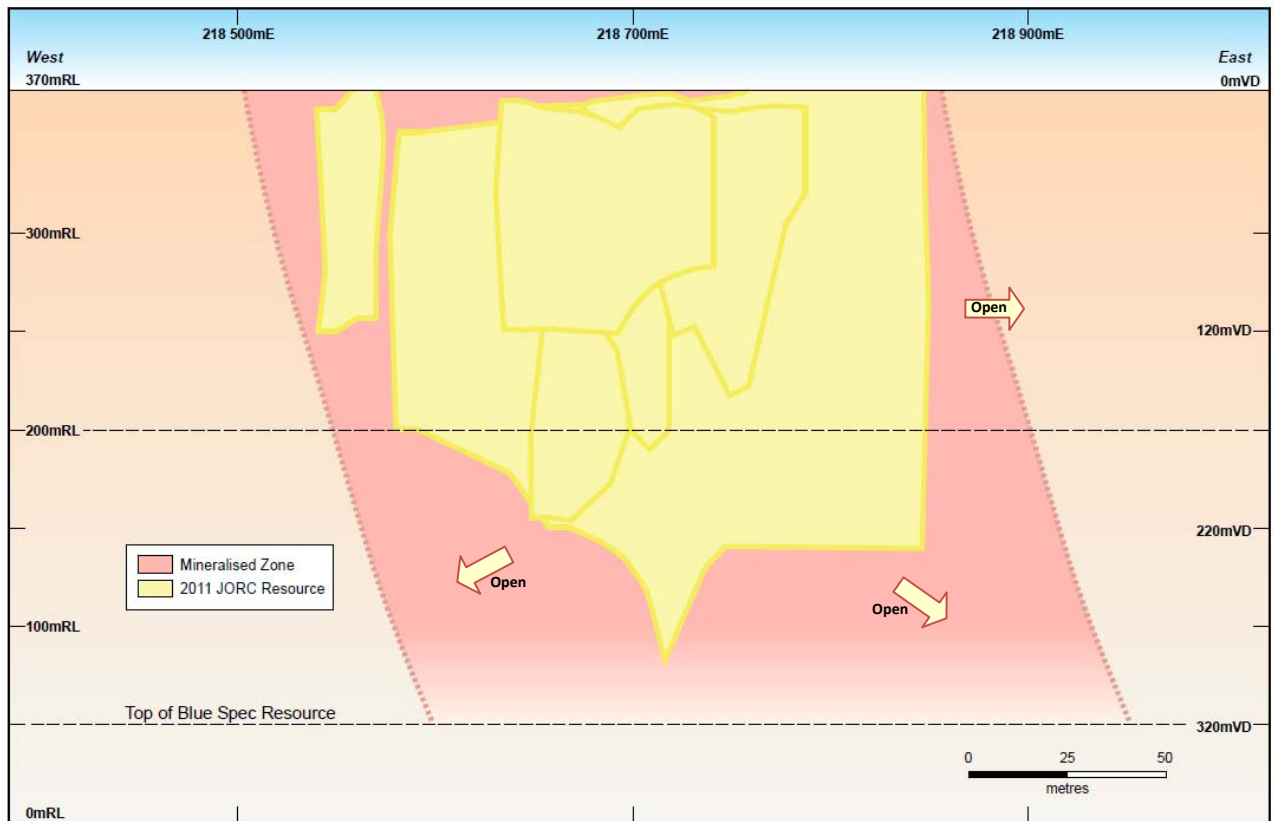


Figure 3: Red Spec long section

The Golden Spec and Red Spec deposits display different types of mineralisation along the same host structure. The Golden Spec deposit is located on a section of the Blue Spec Shear that is dominated by one major structure, with little evidence of splay structures. By comparison, the Red Spec deposit is located on a section of the Blue Spec Shear that has splayed into several structures. Due to structural and chemical controls, the Golden Spec deposit has been more endowed with high-grade gold and antimony mineralisation hosted in a single quartz reef, while the Red Spec deposit has been endowed with lower grade gold mineralisation in stacked vein sets.

The maiden Mineral Resource estimate at Red Spec is the fourth resource established by Northwest along the Blue Spec Shear (see below for further discussion). The presence of Red Spec confirms Northwest's view that the Blue Spec Shear, which outcrops over 16kms within Northwest's project area, has the potential to host multiple new deposits of gold and antimony.

### Red Spec Resource Estimate Methodology

A geological wireframe was jointly constructed by CSA Global and Northwest based on lithology and vein intensity, and constrained by assays using a 1.0 g/t Au cut-off grade. The wireframe was interpolated using an ordinary kriged (OK) model. The estimation utilised all available drilling at Red Spec including 31 RC drill holes and 1 diamond drill hole for a total of 6,700m. A bulk density of 2.75 g/cm<sup>3</sup> was assigned to fresh rock, and 2.2 g/cm<sup>3</sup> assigned to the weathered zone.



## The Blue Spec Shear

The Blue Spec Shear extends for 16kms within Northwest's Nullagine Gold & Antimony Project. In addition to Golden Spec and Red Spec, Northwest has established JORC reportable at two further deposits on the Blue Spec Shear:

- Blue Spec - 254,000 oz @ 24.3 g/t Au and 5,500t Sb @ 1.72%
- Green Spec - 10,000 oz @ 3.2 g/t Au and 1,100t Sb @ 1.10%

Based on exploration to date, Northwest considers that there is excellent potential to discover further high-grade shoots and near-surface deposits along the largely unexplored eastern extent of the Blue Spec Shear. The Company has identified a number of advanced and early stage prospects along the shear, including:

- Orange Spec - Drilling has returned intercepts of 2m @ 26.3 g/t Au and 4m @ 4.6 g/t Au
- Silver Spec - Drilling has returned intercepts of 1m @ 9.2 g/t Au and 2m @ 2.6 g/t Au

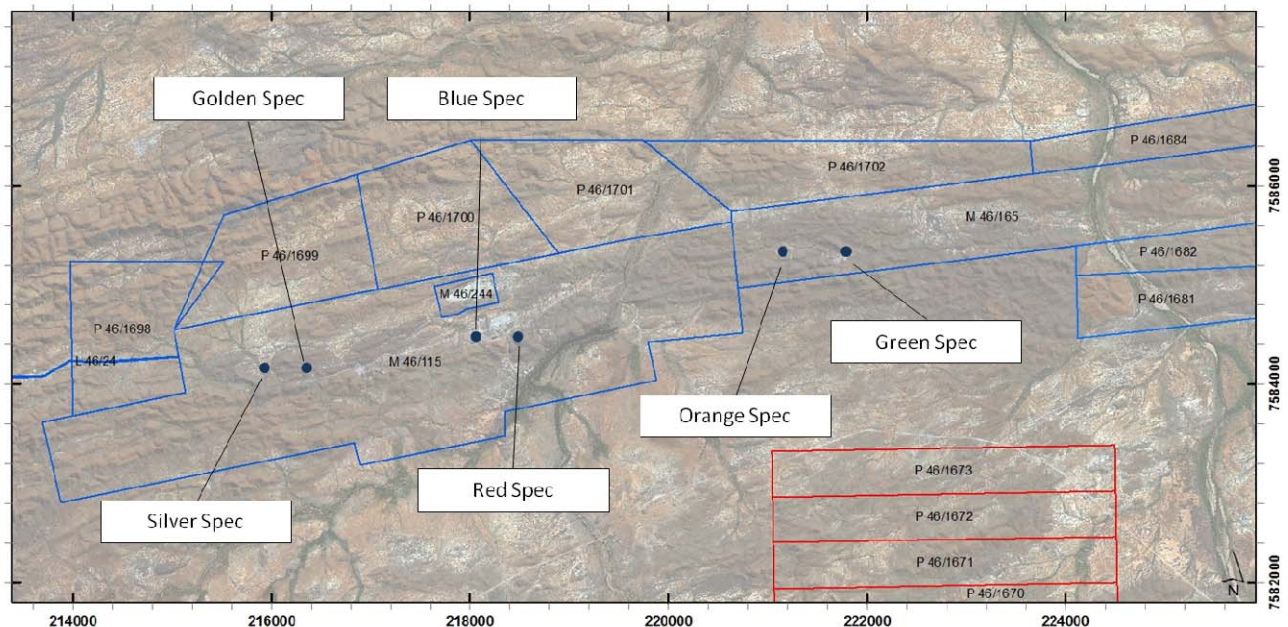


Figure 4: Location of deposits and prospects along the western extent of the Blue Spec Shear

For more information please contact:

**John Merity**  
Managing Director

Tel: +61 (2) 9267 7661  
Email: [jmerity@nw-resources.com.au](mailto:jmerity@nw-resources.com.au)

or visit Northwest's website at [www.nw-resources.com.au](http://www.nw-resources.com.au)

## Mineral Resource Statement

The Mineral Resources for the Nullagine Gold & Antimony Project set out below have been reported in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). The tables below should be read in conjunction with the notes.

### Blue Spec Shear

|                                | Category     | Tonnes         | g/t Au      | Contained Au (oz) | % Sb        | Contained Sb (t) | Au Equivalent (oz) <sup>7</sup> |
|--------------------------------|--------------|----------------|-------------|-------------------|-------------|------------------|---------------------------------|
| <b>Blue Spec<sup>4</sup></b>   |              |                |             |                   |             |                  |                                 |
|                                | Upper Zone   |                |             |                   |             |                  |                                 |
|                                | Indicated    | 16,000         | 52.3        | 27,000            | 4.86        | 800              | 34,000                          |
|                                | Inferred     | 73,000         | 40.4        | 95,000            | 2.12        | 1,500            | 108,000                         |
| Lower Zone                     | Indicated    | -              | -           | -                 | -           | -                | -                               |
|                                | Inferred     | 234,000        | 17.5        | 132,000           | 1.38        | 3,200            | 160,000                         |
|                                | <b>Total</b> | <b>308,000</b> | <b>24.3</b> | <b>254,000</b>    | <b>1.72</b> | <b>5,500</b>     | <b>302,000</b>                  |
| <b>Golden Spec<sup>4</sup></b> | Indicated    | 109,000        | 4.9         | 17,000            | 0.54        | 600              | 23,000                          |
|                                | Inferred     | 164,000        | 10.9        | 57,000            | 1.04        | 1,700            | 72,000                          |
|                                | <b>Total</b> | <b>273,000</b> | <b>8.5</b>  | <b>75,000</b>     | <b>0.84</b> | <b>2,300</b>     | <b>95,000</b>                   |
| <b>Red Spec<sup>4</sup></b>    | Indicated    | 160,000        | 1.8         | 9,000             | 0.01        | 160              | 10,000                          |
|                                | Inferred     | 130,000        | 2.0         | 8,000             | 0.01        | 130              | 9,000                           |
|                                | <b>Total</b> | <b>290,000</b> | <b>1.9</b>  | <b>17,000</b>     | <b>0.01</b> | <b>290</b>       | <b>19,000</b>                   |
| <b>Green Spec<sup>4</sup></b>  | Indicated    | 73,000         | 3.6         | 8,000             | 1.1         | 800              | 15,000                          |
|                                | Inferred     | 29,000         | 2.1         | 2,000             | 1.0         | 300              | 4,000                           |
|                                | <b>Total</b> | <b>102,000</b> | <b>3.2</b>  | <b>10,000</b>     | <b>1.1</b>  | <b>1,100</b>     | <b>19,000</b>                   |

### Camel Creek Trend

|                                    | Category     | Tonnes         | g/t Au     | Contained Au (oz) |
|------------------------------------|--------------|----------------|------------|-------------------|
| <b>Roscoe's Reward<sup>4</sup></b> | Indicated    | 248,000        | 2.0        | 15,900            |
|                                    | Inferred     | 52,000         | 2.5        | 4,100             |
|                                    | <b>Total</b> | <b>300,000</b> | <b>2.1</b> | <b>20,000</b>     |
| <b>Junction<sup>4</sup></b>        | Indicated    | 36,000         | 3.1        | 3,500             |
|                                    | Inferred     | 40,000         | 3.6        | 4,500             |
|                                    | <b>Total</b> | <b>76,000</b>  | <b>3.4</b> | <b>8,000</b>      |
| <b>Round Hill<sup>4</sup></b>      | Indicated    | 18,000         | 4.8        | 2,700             |
|                                    | Inferred     | 44,000         | 4.0        | 5,300             |
|                                    | <b>Total</b> | <b>62,000</b>  | <b>4.3</b> | <b>8,000</b>      |
| <b>Little Wonder<sup>4</sup></b>   | Indicated    | 146,000        | 1.9        | 8,900             |
|                                    | Inferred     | 17,000         | 1.6        | 1,100             |
|                                    | <b>Total</b> | <b>163,000</b> | <b>1.9</b> | <b>10,000</b>     |

## Notes

1. Discrepancies in summations will occur due to rounding.
2. All deposits were estimated using ordinary kriging (OK) methodology for grade estimation.
3. All underground historical stope locations were accounted for and excluded from the resource estimates.
4. The following Au cut-off grades were applied: Camel Creek trend deposits >1g/t; Blue Spec >3g/t; Green Spec >0.5g/t; Golden Spec >0.5g/t; Red Spec >1.0g/t.
5. Grade shell models were constrained to geological models for each deposit and are defined by a minimum 2m true width. Grade shells for Blue Spec, Green Spec, Junction, Roscoes Reward, Little Wonder and Round Hill were constructed based on complimenting 5m sectional and flitch-based interpretations. Wireframe models were stitched and validated using both Gemcom and Surpac 3D geological modelling software.
6. Grade shells for Golden Spec and Red Spec were constructed based on 10m sectional-based interpretations. Wireframe models were stitched and validated using Datamine 3D geological modelling software.
7. Au Equivalent oz is the aggregate of contained Au and contained Sb converted into Au oz using the formula  $[(Sb\ t \times Sb\ price) \div Au\ price = Au\ oz]$  and assuming a gold price of US\$1,600 per oz and antimony price of US\$14,000 per tonne.

## Competent Person Statements - Mineral Resources

Information in this report relating to **Golden Spec** has been estimated and compiled by Mr. Wawan Hermawan (MAusIMM) of CSA Global Pty Limited who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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. Hermawan consents to the inclusion in this statement of the information in the form and context in which it appears.

Information in this report relating to **Red Spec** has been estimated and compiled by Mr. David Williams (MAusIMM) of CSA Global Pty Limited who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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. Williams consents to the inclusion in this statement of the information in the form and context in which it appears.

Information in this report relating to **Blue Spec, Green Spec, Junction, Round Hill, Roscoe's Reward and Little Wonder** has been estimated and compiled by Mrs. Fleur Muller (MAusIMM) of Geostat Services Pty Limited who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is 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'. Mrs. Muller consents to the inclusion in this statement of the information in the form and context in which it appears.

## Competent Person Statement - Exploration

Information in this report relating to exploration is based on information compiled by Mr. Charles Gillman (MAIG) who is a full-time employee of Northwest Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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. Gillman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Forward Looking Statements

This announcement may include forward looking statements. These forward looking statements are based on Northwest's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Northwest which could cause actual results to differ materially from such statements. Northwest makes no undertaking to subsequently update or revise the forward looking statements made in this announcement to reflect events or circumstances after the date of this announcement.