



Northwest

NOTICE OF GENERAL MEETING and Explanatory Memorandum

General Meeting information:

Date: Friday, 29 June 2012

Time: 11.00am

Location: Offices of DLA Piper, Level 38
201 Elizabeth Street, Sydney, NSW

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

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IMPORTANT NOTICE

About this Explanatory Memorandum

You should read the Notice of Meeting and Explanatory Memorandum in its entirety before making a decision as to how to vote at the General Meeting. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Key dates

Announcement of conditional agreement to acquire 35% of the issued share capital of Nullagine (JV) Holdings Limited	30 December 2011
Date this Notice of Meeting and Explanatory Memorandum despatched to Shareholders	28 May 2012
Date and time for lodging proxies	5.00 pm on 26 June 2012
Date and time of General Meeting	11.00am on Friday, 29 June 2012
Anticipated date for completion of the acquisition if approved by Shareholders	6 July 2012

Role of ASIC and ASX

A copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASIC for the purposes of section 218 of the Corporations Act and with ASX. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this document.

Defined terms and interpretation

Terms and abbreviations used this Notice of Meeting and Explanatory Memorandum are defined in the Glossary in section D of the Explanatory Memorandum.

CHAIRMAN'S LETTER

Dear Shareholders,

The enclosed Notice of General Meeting and Explanatory Memorandum has been prepared for shareholders to consider the approval of your Company's proposed acquisition of the 35% minority interest in our flagship Nullagine Gold & Antimony Project which was announced on 30 December 2011.

Consolidating ownership of the Nullagine Gold & Antimony Project has been a key objective of the Board and management of the Company.

Having entered into the Camel Creek Joint Venture with Millennium Minerals which ensures Northwest will become a gold producer and formulated a new processing and marketing strategy for the high-grade Blue Spec and Golden Spec deposits which provides our Company with a clear path to develop underground mining operations in the medium term, the Board concluded that the time was right to consolidate ownership of the Nullagine Gold & Antimony Project.

The acquisition, if approved by shareholders, will give Northwest access to 100% of potential future cashflows from developing the Blue Spec-Golden Spec underground mining operation and the cashflows 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, equity and project financing for the project.

The Board believes that the proposed acquisition, which effectively exchanges the 35% minority interest in the project for a 25.57% shareholding in Northwest on an undiluted basis is an important step towards the Board's stated ambition of developing a high-grade standalone underground gold-antimony mining operation.

Grant Thornton Corporate Finance Pty Limited have prepared an independent expert's report on the proposed acquisition, which together with the enclosed Explanatory Memorandum is intended to provide shareholders with the information that is material to the decision on how to vote on the resolutions before the meeting.

Grant Thornton's opinion is that the proposed acquisition is fair and reasonable to all non-associated shareholders and I recommend that Shareholders read the Explanatory Memorandum and the Independent Expert's Report in full before deciding whether or not to vote in favour of the proposed acquisition

The Independent Directors of the Board unanimously recommend that shareholders vote in favour of the resolutions before the meeting to approve the terms of the proposed acquisition.

This is an exciting stage in Northwest's development and the Board appreciates the ongoing support of shareholders to deliver on its strategy for the Company.

Yours faithfully,



Jim Colquhoun
Chairman

28 May 2012

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Northwest Resources Limited (**Northwest** or the **Company**) will be held at the offices of DLA Piper, Level 38, 201 Elizabeth Street, Sydney, NSW on Friday, 29 June 2012 commencing at 11.00am for the purposes of transacting the following business referred to in this Notice of General Meeting.

The Explanatory Memorandum that accompanies and forms part of this Notice of General Meeting provides information in relation to the business to be considered at the General Meeting. This Notice of General Meeting and Explanatory Memorandum should be read in its entirety.

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in the Glossary in section D of the Explanatory Memorandum.

Agenda

Resolution 1 - Approval to acquire 35% of the issued share capital of Nullagine (JV) Holdings Limited

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 10, Part 2E of the Corporations Act and for all other purposes approval is given for Northwest to acquire 35% of the issued share capital of Nullagine (JV) Holdings Limited, in accordance with the terms and conditions set out in the Explanatory Memorandum."

Resolution 2 - Issue of equity securities to Gloucester Nominees Limited

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 1, for the purposes of ASX Listing Rules 7.1 and section 611, item 7 of the Corporations Act and for all other purposes approval is given for Northwest to issue to Gloucester Nominees Limited 45,000,000 Shares."

Independent Expert's Report for Shareholders

Northwest engaged Grant Thornton Corporate Finance Pty Limited (**Grant Thornton**) to prepare an independent expert's report on the acquisition the subject of Resolutions 1 and 2 which is intended to provide Shareholders with the information that is material to the decision on how to vote on Resolutions 1 and 2.

Grant Thornton's opinion is that the Acquisition is fair and reasonable to all non-associated Shareholders.

A copy of Grant Thornton's Independent Expert's Report is set out in the Appendix to the Explanatory Memorandum. The Directors recommend that Shareholders read the Independent Expert's Report in its entirety before deciding whether or not to vote in favour of the Acquisition.

Voting Entitlement

For the purposes of determining voting entitlements at the General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 5.00pm (Sydney time) on Wednesday, 27 June, 2012 (the **Entitlement Time**). Accordingly, only those persons registered as holders of shares at the Entitlement Time will be entitled to attend and vote at the General Meeting.

Voting Exclusion Statement

Under ASX Listing Rule 14.11, the Company will disregard any votes cast on the Resolutions by the following persons:

Resolution	Persons excluded from voting
1. Approval to acquire 35% of the issued share capital of Nullagine (JV) Holdings Limited	<ul style="list-style-type: none">• Gloucester Nominees Limited; and• Any of its associates (including Mr John Lindsay Merity and Albert Street Nominees Pty Limited)
2. Issues of shares to Gloucester Nominees Limited	<ul style="list-style-type: none">• Gloucester Nominees Limited;• Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and• Any of their associates (including Mr JL Merity and Albert Street Nominees Pty Limited)

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy appointment form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with interim consent orders of the Federal Court of Australia made on 16 December 2011, the Company will not recognise any votes cast in respect of the shareholding registered in the name of Craigsid Company Limited on either of the resolutions the subject of this Notice of General Meeting.

How to vote

You may vote at the General Meeting by attending in person or by proxy:

- on a show of hands, each Shareholder has one vote. On a poll each Shareholder has one vote for each Share held; or
- to vote in person you must attend the General Meeting on Friday, 29 June 2012 at 11.00am, which is to be held at Offices of DLA Piper, Level 38, 201 Elizabeth Street, Sydney; or
- if you wish to vote by proxy, your proxy form must be received by the Company's share registrar, Boardroom Pty Limited by no later than 5.00 pm on 26 June 2012.

Proxy Instructions

1. A shareholder entitled to attend and vote at a general meeting may appoint not more than two proxies to attend such meeting and vote on behalf of the shareholder. A proxy need not be a shareholder. Where more than one proxy is appointed, each proxy may be appointed to represent a specified

proportion or number of the shareholder's votes. If no such proportion is specified, each proxy may exercise half of the shareholder's votes.

2. A proxy form must be signed by a shareholder (or its attorney) and does not need to be witnessed. If the shareholder is a corporation, the proxy form must be executed in accordance with that corporation's constitution or by a duly authorised attorney. If a share is held jointly a proxy form may be signed by any one of the joint holders.
3. The proxy form and any power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company's share registrar, Boardroom Pty Limited by no later than 5.00 pm on 26 June 2012, at:

Hand deliveries:

Level 7
207 Kent Street
Sydney NSW 2000
Australia

Postal address:

GPO Box 3993
Sydney NSW 2001
Australia

Fax number:

1300 653 459 (within Australia)
+61 (2) 9290 9600 (outside Australia)

4. A proxy may decide whether to vote on a resolution, except where the proxy is required by law or the Company's Constitution to vote or abstain from voting, in their capacity as a proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she thinks fit. If a shareholder appoints two proxies and the appointments specify different ways to vote on a resolution, neither may vote on a show of hands.

By order of the Board of Directors

28 May 2012

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide Shareholders with information that is reasonably required by them to decide how to vote upon the Resolutions to be put before Shareholders at the General Meeting of Shareholders to be held at the offices of DLA Piper, Level 38, 201 Elizabeth Street, Sydney, NSW on Friday, 29 June 2012 commencing at 11.00am.

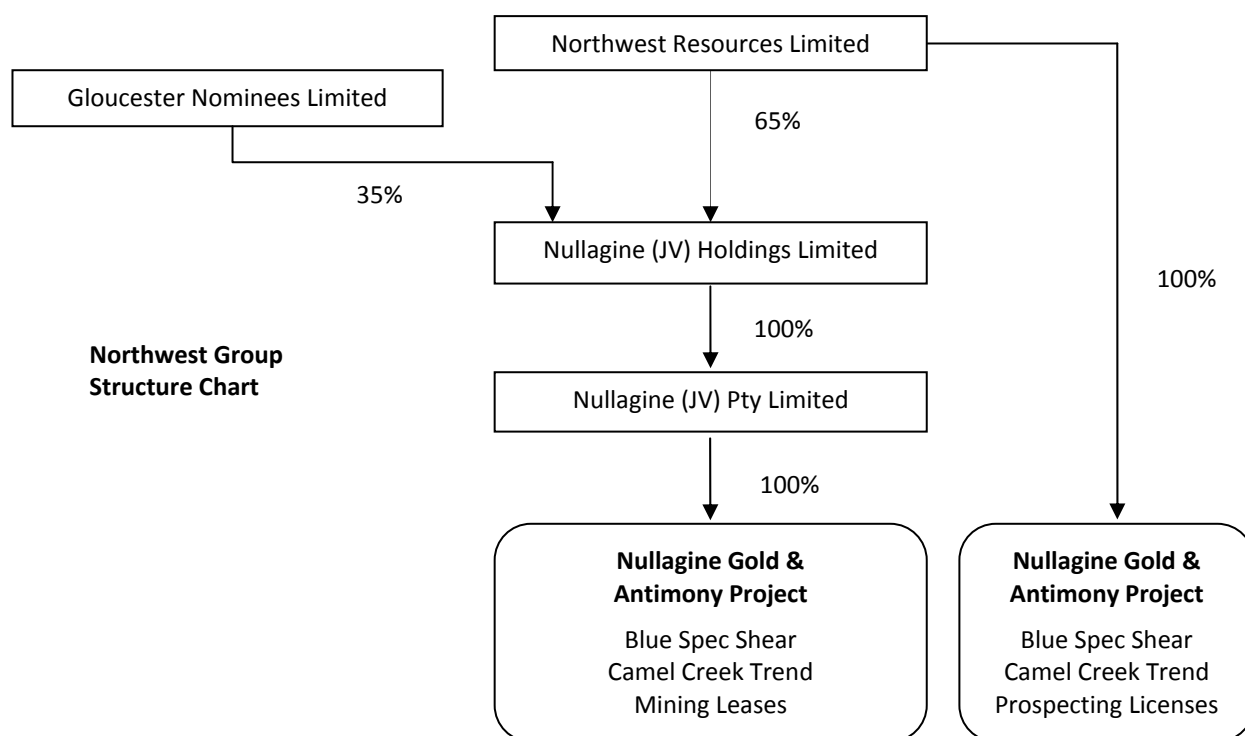
The Directors recommend that Shareholders read this Explanatory Memorandum and the attached Independent Expert's Report in full before making any decision in relation to the Resolutions. Resolution 1 (Acquisition) and Resolution 2 (Issue of Shares) are conditional upon each other. In other words, the failure to approve Resolution 1 will mean that Resolution 2 will not be passed and vice versa. Accordingly, Shareholders should consider the proposed Resolutions as a whole.

SECTION A BACKGROUND AND REASONS FOR THE ACQUISITION

Northwest's flagship project is the Nullagine Gold & Antimony Project which it controls through its 65% shareholding in Nullagine (JV) Holdings Limited. The project comprises the low-medium grade gold Camel Creek Trend and the high grade gold-antimony Blue Spec Shear. Northwest has recently made significant progress towards its goal of becoming a mid-tier gold miner.

In relation to the Camel Creek Trend, in October 2011, Northwest announced a 50:50 Joint Venture with Millennium Minerals Limited (**Millennium**) under which Northwest's Camel Creek Trend gold deposits will be mined and processed by Millennium through its Golden Eagle treatment plant. The Joint Venture, which was fully documented in March 2012, ensures Northwest will become a gold producer.

Northwest's main focus has been to develop the high-grade Blue Spec and Golden Spec gold-antimony deposits on the Blue Spec Shear. Recently, Northwest has devised a simplified production strategy for its high-grade Blue Spec Shear gold-antimony deposits to produce a high value gold-antimony concentrate without the need for complex separation of the gold and antimony which presents the Company with a clear development path to establish underground mining operations at Blue Spec and Golden Spec targeted for 2013.



A.1. Shareholder Approval

Northwest now seeks Shareholder approval to complete its conditional acquisition of the remaining 35% minority interest in the Nullagine Gold & Antimony Project which was announced on 30 December 2011 to consolidate ownership of the project and give the Company the benefit of 100% of future cashflows from the Camel Creek Joint Venture with Millennium and potential future cashflows from developing a high-grade underground mining operation on the Blue Spec Shear.

The consideration for the proposed acquisition of the 35% project interest will be the issue of 45,000,000 Shares in Northwest (**Consideration Shares**) to Gloucester Nominees Limited (**GNL**) equating to a 25.57% interest in the undiluted share capital of Northwest.

A.2. Gloucester Nominees Limited

GNL is Northwest's joint venture partner in the Nullagine Gold & Antimony Project of which Northwest is the manager and operator. GNL supports of the Board's development strategy for the Nullagine Gold & Antimony Project and intends to be a long term Shareholder in Northwest. Details of GNL's intentions with respect to Northwest's business if Shareholders agree to the proposed acquisition are set out in section C.4 below.

GNL will become the largest shareholder in Northwest if the proposed acquisition is approved. As a result GNL may be a related party of Northwest under section 228 of the Corporations Act (the **Act**) because if the proposed acquisition is approved, GNL's 25.57% shareholding may enable it to control Northwest. In addition, GNL has informed Northwest that if Shareholders approve the proposed acquisition, GNL and Mr John Lindsay Merity (the father of the Company's Managing Director, Mr John James Merity) may become associates under section 12 of the Act because GNL and Mr JL Merity propose may enter into a relevant agreement for the purposes of influencing the conduct of Northwest's affairs. As a result Mr JL Merity will have a relevant interest in the Consideration Shares if the proposed acquisition is approved.

Accordingly for the purposes of Resolution 1, Northwest considers that GNL should be regarded as a related party of Northwest and for the purposes of Resolution 2, Northwest considers that Mr JL Merity and Albert Street Nominees Pty Limited (a company of which Mr JL Merity is the sole director) are associates of GNL.

GNL is a company incorporated in Belize. Its sole shareholder and director is Pallard, Inc. GNL acquired its 35% shareholding in Nullagine (JV) Holdings Limited from Craigside Company Limited on 22 September 2011. The sole director and shareholder of Pallard Inc is Leung Cheung Sheung Justin. Pallard, Inc holds its shares in GNL on trust on behalf of Mr JL Merity.

A.3. Independent Board Committee of Northwest

Northwest formed an Independent Board Committee comprising the independent directors of Northwest, Messrs Colquhoun and Richard to consider all matters relevant to the proposed acquisition.

The Independent Board Committee appointed BDO Corporate Finance as corporate adviser to the Company to provide the Company with a valuation of the 35% interest in Nullagine (JV) Holdings Limited and a valuation of Northwest Shares to assist the Independent Board Committee to determine a fair and reasonable price for the 35% project interest. The Independent Board Committee also appointed DLA Piper as legal adviser to the Company to prepare board protocols for the evaluation, negotiation and implementation of the proposed acquisition.

Under the protocols adopted by the Independent Board Committee, an information barrier was established between the Independent Board Committee, BDO Corporate Finance and Mr John James Merity and Mr JJ Merity was not present at any meetings of directors at which any aspects of the proposed acquisition were discussed and was excluded from BDO Corporate Finance's advice and participation in the evaluation and negotiations relating to the proposed acquisition.

A.4. Independent Expert's Report for Shareholders

Following the announcement of the conditional acquisition of the remaining 35% minority interest in the Nullagine Gold & Antimony Project, the Independent Board Committee instructed Grant Thornton Corporate Finance Pty Limited (**Grant Thornton**) to prepare an independent expert's report on the proposed acquisition which is intended to provide Shareholders with the information that is material to the decision on how to vote on Resolutions 1 and 2.

Grant Thornton's opinion is that the Acquisition is fair and reasonable to all non-associated Shareholders.

A copy of Grant Thornton's Independent Expert's Report is set out in the Appendix to the Explanatory Memorandum. The Directors recommend that Shareholders read the Independent Expert's Report in its entirety before deciding whether or not to vote in favour of the Acquisition.

SECTION B APPROVAL TO ACQUIRE 35% OF THE ISSUED SHARE CAPITAL OF NULLAGINE (JV) HOLDINGS LIMITED (RESOLUTION 1)

B.1. Overview of Resolution 1

Resolution 1 seeks the approval of Shareholders under Chapter 2E of the Act and Listing Rule 10 of the ASX Listing Rules to the proposed acquisition by the Company of 35% of the issued share capital of Nullagine (JV) Holdings Limited.

Section 208 of the Act prohibits a public company from giving a financial benefit to a related party of the public company, except with the prior approval of Shareholders and provided that the financial benefit is given within 15 months of such approval.

Rule 10.1 of the ASX Listing Rules states that an entity must ensure that neither it, nor any of its "child entities" acquires a substantial asset from, or disposes of a substantial asset to, certain persons without shareholder approval. Those persons include a related party of the company, or persons associated with the related party. Rule 10.11 of the ASX Listing Rules states that an entity must not issue equity securities to a related party without shareholder approval.

A "substantial asset" is essentially an asset the value of which is 5% or more of the company's equity interests. The value of the 35% shareholding in Nullagine (JV) Holdings Limited exceeds 5% of Northwest's equity interests and the value of the consideration exceeds 5% of Northwest's equity interests. Accordingly, the value of these shares is considered to be a substantial asset for the purposes of rule 10.1 of the ASX Listing Rules.

B.2. Acquisition Agreement

On 30 December 2011, Northwest and GNL entered into a Share Sale and Purchase Agreement by which Northwest agreed to buy, and GNL agreed to sell the 35% shareholding in Nullagine (JV) Holdings Limited held by GNL.

The material terms of the Share Sale and Purchase Agreement are summarised below:

- (a) The consideration for the acquisition is the issue of 45,000,000 Shares to GNL (**Consideration Shares**).
- (b) Completion of the acquisition is conditional on:
 - receipt of an independent experts report stating that the acquisition is fair and reasonable to the shareholders of Northwest; and
 - shareholders of Northwest passing the resolutions which are the subject of the Notice of Meeting.

The required independent expert's report has been obtained and is set out in the Appendix to the this Explanatory Memorandum.

- (c) The Consideration Shares to be issued to GNL will be subject to an escrow arrangement (preventing their disposal) for a period of up to 12 months.
- (d) The Share Sale and Purchase Agreement contains warranties and indemnities in favour of Northwest usual for a transaction of this nature. On completion, Northwest and GNL release each other from all claims arising in relation to the Nullagine Gold & Antimony Project but Northwest and GNL retain all rights accrued prior to completion.

B.3. Nature of the financial benefit proposed to be given and valuation

The nature of the financial benefit proposed to be given to GNL is the issue of the Consideration Shares in Northwest.

Grant Thornton in their Independent Expert's Report determined the following valuations for the Consideration Shares and the 35% project interest:

	Low \$'000	High \$'000
Fair value of 35% project interest on a minority basis	6,324	7,373
Fair value of 45,000,000 consideration shares on a control basis	6,210	7,245

B.4. Independent Expert's Report

The Company engaged Grant Thornton to prepare an independent expert's report on the Acquisition which is intended to provide Shareholders with the information that is material to the decision on how to vote on Resolutions 1 and 2.

Grant Thornton's opinion is that the Acquisition is fair and reasonable to all non-associated Shareholders.

A copy of Grant Thornton's Independent Expert's Report is set out in the Appendix to the Explanatory Memorandum. The Directors recommend that Shareholders read the Independent Expert's Report in its entirety before deciding whether or not to vote in favour of the Acquisition.

B.5. Advantages of the Acquisition

- (a) If the Acquisition is approved, it will give the Company access to 100% of future cashflows from the Camel Creek Joint Venture with Millennium Minerals Limited and 100% of potential future cashflows from developing a high-grade underground mining operation on the Blue Spec Shear.
- (b) Consolidation of 100% ownership of the Nullagine Gold & Antimony Project will result in a simpler corporate and ownership structure that will facilitate equity and project financing for Northwest's development plans.
- (c) If the Acquisition is approved, the Northwest group will become a single consolidated entity for tax purposes which assist in the efficient management of its taxation affairs including utilisation of accumulated tax losses.
- (d) The Acquisition is cash neutral allowing Northwest to conserve its cash for accelerating development of the Blue Spec Shear in accordance with the Board's development strategy for the Nullagine Gold & Antimony Project.

- (e) If the Acquisition is approved it will address a perceived negative for the Company (ownership of less than 100% of the Nullagine Gold & Antimony Project).

B.6. Disadvantages of the Acquisition

If the Acquisition is approved, as a result of the issue of the Consideration Shares to GNL:

- (a) all Shareholders will have their current holdings in the Company diluted by 24.16%.
- (b) The combined voting power in Northwest of GNL and its associates would exceed 25% of Northwest on a fully diluted basis giving GNL the power to defeat any special resolution proposed by Northwest.

B.7. Impact of the Acquisition on Northwest

The impact of the Acquisition on the financial position of Northwest will be as follows:

- (a) Northwest will issue 45,000,000 Shares and acquire the remaining 35% of the issued share capital of its subsidiary Nullagine (JV) Holdings Limited.
- (b) The Northwest consolidated group treats transactions with non-controlling interests that do not result in a loss of control as 'transactions with owners in their capacity as owners' therefore the net assets of the Northwest group accounts will remain unchanged.
- (c) The Northwest consolidated group equity accounts will be affected as follows:
- the non-controlling interest will be eliminated;
 - contributed equity will increase by the value of the new shares issued; and
 - a reserve will be created to capture the excess of the fair value of the consideration paid to acquire the interest over the carrying value of non-controlling interest at the time of the acquisition.

B.8. Alternatives to the Acquisition

The alternative to the Acquisition is not to acquire the 35% interest in Nullagine (JV) Holdings Limited. In this case, in accordance with the Joint Venture Agreement between Northwest and GNL, Northwest would be required to continue to solely fund exploration expenditure on the joint venture project tenements up to and including the costs of a bankable feasibility study on establishing commercial mining operations on the tenements.

On the delivery of a bankable feasibility study by Northwest and agreement between Northwest and GNL in relation to a business plan dealing with the funding, budgets, management and operational issues of a mining project, Northwest and GNL would pay all capital and operating costs to develop mining operations in proportion to their respective shareholdings in Nullagine (JV) Holdings Limited.

The Board of Northwest considers that it is unlikely that Northwest would be able to secure equity or project financing to meet its share of the capital costs to develop underground mining operations on the Blue Spec Shear if it does not own 100% of the Nullagine Gold & Antimony Project.

B.9. Interests of Directors in the Acquisition

None of the Directors being Mr Jim Colquhoun, Mr Peter Richard or Mr John James Merity have any interest in the outcome of Resolution 1 or 2.

B.10. Recommendation of Directors

For the reasons set out in this Explanatory Memorandum, Messrs Colquhoun and Richard recommend that Shareholders vote in favour of Resolutions 1 and 2.

Consistently with the protocol established by the Independent Board Committee for the Acquisition described in section A.3 and in accordance with the Company's Director's Code of Conduct which requires directors to avoid potential conflicts of interest, Mr John James Merity considers it inappropriate that he participate in any recommendation to Shareholders.

B.11. Federal Court proceedings

In December 2011, ASIC commenced proceedings in the Federal Court of Australia against Craigside Company Limited which is the registered holder of 15,000,000 Shares in Northwest (**CCL Parcel**) alleging that a person other than Craigside Company Limited has a relevant interest in the CCL Parcel and that this was not disclosed in the substantial shareholder notice given to Northwest by Craigside Company Limited. ASIC has subsequently indicated that it intends to allege that Mr Anthony Nedderman and Mr JL Merity (the father of the Company's Managing Director) failed to make disclosures required under ss.671 and 672 of the Act relating to relevant interests. In the proceedings ASIC is seeking an order that the CCL Parcel vest in ASIC.

The matter is still before the Federal Court. By way of interim orders the Court has, by consent of all parties, ordered that Craigside Company Limited be restrained from exercising any voting rights attaching to CCL Parcel and from disposing of the CCL Parcel until further order by the Court and Northwest has agreed to place a holding lock on the CCL Parcel and not to register any dealings in it. Consistently with the orders of the Federal Court, Northwest will not recognise any votes cast in respect of these shares on either of the resolutions the subject of this Notice of General Meeting.

B.12. Other information

Other than as set out in other sections of the Explanatory Memorandum, there is no other material information known to the Company which would affect Shareholders' decision to pass the proposed Resolutions.

SECTION C

APPROVAL OF ISSUE OF SHARES TO GLOUCESTER NOMINEES LIMITED (RESOLUTION 2)

C.1. Overview of Resolution 1

ASX Listing Rule 7.1 provides that Northwest cannot issue or agree to issue equity securities without shareholder approval where the number of equity securities issued or agreed to be issued in the preceding 12 month period and the new issue exceeds 15% of the number of equity securities on issue at the beginning of the 12 month period (increased by any issues undertaken in that period with shareholder approval or under an exception to ASX Listing Rule 7.1).

Part 6.1 of the Act generally prohibits a person from acquiring a relevant interest in more than 20% of the issued voting shares in a company unless a relevant exception applies. Exception 7 set out in section 611 permits such an acquisition if previously approved by the company's shareholders with no votes being cast by the person making the acquisition and their associates. By passing Resolution 2, GNL will be permitted to acquire a relevant interest in excess of 20% without having to make a takeover bid for Northwest.

C.2. Purpose of issue

The Shares referred in Resolution 2, are being issued in connection with the Acquisition (further details of which are set out above). Further details of the advantages, disadvantages and impact of the Acquisition and the alternatives to the Acquisition are set out in sections B.5 - B.8 above.

C.3. Independent Expert's Report

The Company engaged Grant Thornton to prepare an independent expert's report on the Acquisition which is intended to provide Shareholders with the information that is material to the decision on how to vote on Resolutions 1 and 2.

Grant Thornton's opinion is that the Acquisition is fair and reasonable to all non-associated Shareholders.

A copy of Grant Thornton's Independent Expert's Report is set out in the Appendix to the Explanatory Memorandum. The Directors recommend that Shareholders read the Independent Expert's Report in its entirety before deciding whether or not to vote in favour of the Acquisition.

C.4. Statement of GNL's intentions regarding the future of Northwest if Shareholders agree to the Acquisition

GNL supports the Company's development strategy for the Nullagine Gold & Antimony Project, in particular the decision to enter the Camel Creek Joint Venture with Millennium Minerals and the Board's mining, processing and marketing plans for the high-grade gold-antimony Blue Spec Shear deposits to develop a combined Blue Spec-Golden Spec into a standalone high-grade underground mining operation.

GNL has advised the Company that it intends to be a long term investor in Northwest and as at the date of this Notice of General Meeting, Northwest understands that GNL does not intend to:

- (a) make any significant changes to the business or affairs of Northwest including appointing any directors to the board of the Company;
- (b) inject further capital into Northwest other than by participation in rights issues or other pro rata equity capital raisings;
- (c) make any changes to the future employment of the present employees of Northwest;
- (d) transfer any property between Northwest and GNL or any person associated with them;
- (e) otherwise redeploy the fixed assets of Northwest; and
- (f) change significantly the financial or dividend policies of Northwest.

C.5. Voting power of GNL and its associates

For the purposes of section 611 (item 7) of the Act, the following information is provided:

- (a) *The identity of the person proposing to make the acquisition and their associates*

GNL will be acquiring the Consideration Shares. The associates of GNL are Mr John Lindsay Merity and Albert Nominees Pty Limited (a company of which Mr JL Merity is the sole director).

- (b) *The maximum extent of the increase in that person's voting power in the Company as a result of the acquisition*

As a result of the Acquisition, at the time of issue of the Consideration Shares, GNL's voting power will increase from zero to 25.57% of the undiluted share capital of Northwest.

- (c) *The voting power that the person would have as a result of the acquisition*

As a result of the Acquisition, at the time of issue of the Consideration Shares, GNL's voting power will be 25.57% of the undiluted share capital of Northwest.

- (d) *The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition*

As a result of the Acquisition, at the time of issue of the Consideration Shares, the voting power of GNL's associates will reduce from 2.24% to 1.66% of the undiluted share capital of Northwest.

- (e) *The voting power that each of that person's associates would have as a result of the acquisition*

As a result of the Acquisition, at the time of issue of the Consideration Shares, the voting power of GNL's associates will be 1.66% of the undiluted share capital of Northwest.

- (f) The above changes in voting power can be summarised as follows:

	Current	%	After issue	% diluted	% undiluted
GNL	0	0	45,000,000	24.12	25.57
Albert Street Nominees Pty Ltd	2,940,776	2.24	2,940,776	1.58	1.66

Note:

As at the date of this Explanatory Memorandum Northwest's issued share capital comprises:

- Shares - 130,970,418
- Options to acquire Shares - 3,000,000
- Performance Rights over Shares - 7,575,000

C.6. Information about the Consideration Shares

For the purposes of ASX Listing Rule 7.1, the following information is provided:

- (a) *Maximum number of securities to be issued*

The maximum number of Shares to be issued if the Acquisition is approved by Shareholders is 45,000,000 (**Consideration Shares**).

- (b) *Date by which securities will be issued*

The Consideration Shares will be issued on the completion of the Acquisition. Completion is scheduled to occur five business days after the date of the meeting to which this notice relates.

- (c) *Issue price of securities*

The Consideration Shares will be issued as consideration for the Acquisition at a deemed issue price of \$0.126 per Share.

- (d) *Name of allottee*

The Consideration Shares will be issued to GNL.

(e) *Terms of securities*

The Consideration Shares are fully paid ordinary shares.

(f) *Use of funds*

The Consideration Shares will be issued as the consideration for the Acquisition.

(g) *Date of allotment*

The Consideration Shares will be allotted on completion of the Acquisition. Completion is scheduled to occur five business days after the date of the meeting to which this notice relates.

C.7. Interests of Directors in the Acquisition

None of the Directors being Mr Jim Colquhoun, Mr Peter Richard or Mr John James Merity have any interest in the outcome of Resolution 1 or 2.

C.8. Recommendation of Directors

For the reasons set out in this Explanatory Memorandum, Messrs Colquhoun and Richard recommend that Shareholders vote in favour of Resolutions 1 and 2.

Consistently with the protocol established by the Independent Board Committee for the Acquisition described in section A.3 and in accordance with the Company's Director's Code of Conduct which requires directors to avoid potential conflicts of interest, Mr John James Merity considers it inappropriate that he participate in any recommendation to Shareholders.

C.9. Other information

Other than as set out in other sections of the Explanatory Memorandum, there is no other material information known to the Company which would affect Shareholders' decision to pass the proposed Resolutions.

**SECTION D
GLOSSARY**

Acquisition	The proposed acquisition by the Company of 35% of the issued share capital of Nullagine (JV) Holdings Limited
Act	The Corporations Act
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
ASX Listing Rules	The listing rules of ASX
Consideration Shares	45,000,000 Shares
GNL	Gloucester Nominees Limited
Independent Expert's Report	The Independent Expert's Report prepared by Grant Thornton Corporate Finance Pty Limited set out in the Appendix to the Explanatory Memorandum
Northwest or Company	Northwest Resources Limited
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A registered holder of Shares

APPENDIX

Grant Thornton Corporate Finance Pty Limited
Independent Expert's Report



Northwest Resources Limited

Independent Expert's Report

24 April 2012

The Independent Directors
Northwest Resource Limited
Suite 8, Level 2,
325 Pitt Street,
Sydney NSW 2000

24 April 2012

Dear Directors

Grant Thornton Corporate Finance Pty Ltd
ABN 59 003 265 987
AFSL 247140

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Independent Expert's Report and Financial Services Guide

Introduction

Northwest Resources Limited ("NWR" or the "Company") is an Australian public company listed on the Australian Securities Exchange ("ASX"). The Company is focused on developing its Nullagine Gold & Antimony Project (the "Project")¹ located in the eastern Pilbara region of Western Australia. NWR holds 65% interest in the Project under a joint venture agreement ("Nullagine JV") with Gloucester Nominees Limited ("Gloucester").

Proposed Transaction

On 30 December 2011, NWR announced that it had entered into a Share Sale and Purchase Agreement (the "Agreement") with Gloucester to acquire the remaining 35% equity interest in the Nullagine JV (the "Proposed Transaction"). As consideration for the Proposed Transaction, NWR will issue 45,000,000 new ordinary shares in NWR ("NWR Shares") at A\$0.126 per share to Gloucester representing 25.57% of the undiluted share capital of NWR after completion of the Proposed Transaction.

The Independent Directors of NWR² unanimously recommend that the shareholders not associated with Gloucester ("Non-Associated Shareholders") vote for the Proposed Transaction. Each Director of NWR who is eligible intends to vote in favour of the Proposed Transaction.

Purpose of the report

The Independent Directors of NWR have engaged Grant Thornton Corporate Finance Pty Limited ("Grant Thornton Corporate Finance") to prepare an independent expert's report to state whether

¹ The Project area hosts two distinct zones of mineralisation, the Blue Spec Shear and Camel Creek Trend ("Camel Creek"), prospective for gold and antimony

² For the purpose of Proposed Transaction, James Colquhoun and Peter Richard are considered as independent directors of NWR. Refer to Section B.10 of the Explanatory Memorandum for further details.

the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders for the purposes of Section 611(7) of the Corporations Act and Chapter 10 of the ASX Listing Rules. We have also commented on the financial benefit arising from the Proposed Transaction in accordance with Chapter 2E of the Corporations Act.

For the purpose of this report, an independent technical specialist, Ravensgate Minerals Consultants (“Ravensgate”), was engaged to conduct an independent geological and technical assessment and value the mineral assets held by NWR. The Ravensgate Report is attached as Appendix C of this report.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.

Fairness Assessment

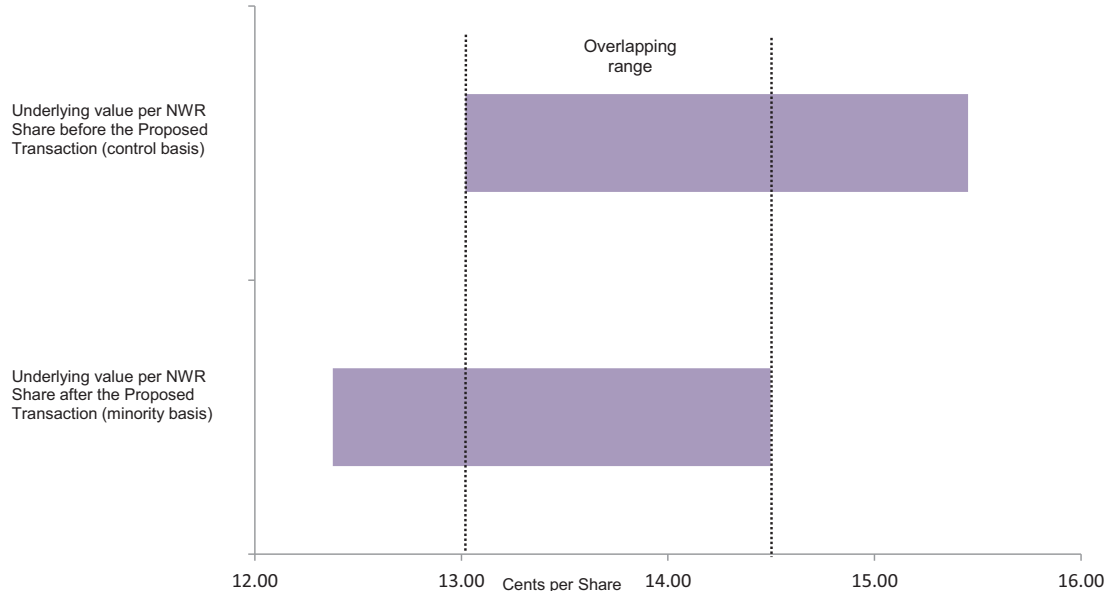
In forming our opinion in relation to the fairness of the Proposed Transaction to the Non-Associated Shareholders, we have analysed the Proposed Transaction as a whole. Specifically, Grant Thornton Corporate Finance has compared the value per NWR Share before the Proposed Transaction (on a control basis) to the assessed value per NWR Share after the Proposed Transaction (on a minority basis). We have also compared the value of 35% interest in the Nullagine JV on a minority basis with the consideration offered (45 million NWR Shares) on a control basis.

The following table and graph summarise our assessment:

Fairness assessment	Section Reference	Low A\$/share	High A\$/share
Value per NWR Share pre-Proposed Transaction (Control basis)	6.1	0.130	0.155
Value per NWR Share post-Proposed Transaction (Minority basis)	7.1	0.124	0.145

Source: Calculations

Set out below is a graphic representation of our fairness assessment.



Source: Calculations

Set out below is a comparison between the value of 35% interest in the Nullagine JV on a minority basis to the value of consideration being offered i.e. 45 million NWR Shares on a controlling basis³.

The following table summarises our assessment:

	Section Reference	Low A\$'000	High A\$'000
Fair value of Blue Spec Shear and prospecting licences	Section 7.1.1	18,437	21,765
Fair value of Camel Creek	Section 7.1.2	1,640	1,640
Fair value of Nullagine JV (100%)		20,077	23,405
Equity Interest to be acquired pursuant to Proposed Transaction		35%	35%
		7,027	8,192
Minority discount	Section 7.1.7	10%	10%
Fair value of 35% interest in Nullagine JV on a minority basis		6,324	7,373
Value of consideration offered			
Assessed value of NWR per share (after the Proposed Transaction on a control basis)	Section 7	A\$0.138	A\$0.161
Number of NWR shares to be issued		45,000,000	45,000,000
Value of consideration offered on a control basis		6,210	7,245

Source: Calculations

³ In accordance with the requirements of RG111, the Proposed Transaction is considered a control transaction as Gloucester will become a relevant holder of more than 20% of the issued capital of NWR.

We concluded that the Proposed Transaction is fair on the following basis:

- The majority of our valuation range for NWR Shares after the Proposed Transaction on a minority basis overlaps with our assessment of NWR Shares before the Proposed Transaction on a control basis; and
- The consideration offered by NWR under the Proposed Transaction is below the range of our estimate of the fair market value of 35% interest in Nullagine JV.

Reasonableness Assessment

For the purpose of assessing whether or not the Proposed Transaction is reasonable to NWR Shareholders, we have considered the following likely advantages, disadvantages and other factors associated with the Proposed Transaction. We note that in accordance with Regulatory Guide 111 “Content of expert reports” (“RG 111”), the Proposed Transaction is reasonable if it is fair.

Advantages

100% control

NWR will increase its ownership of the Project to 100% and accordingly, it will have full control over the advancement and development of the underlying projects. All future exploration and development activities can be undertaken without first seeking the consensus and agreement from other stakeholders. Consequently, any potential uncertainties with regards to third party approval will be removed and in turn enhance operational efficiency and stability. The simplified shareholder structure of the Nullagine JV should also represent a better platform to raise the required funds for the NWR’s projects.

Access to cash flows

If the Proposed Transaction is implemented, NWR will have access to 100% of the future cash flows from the Project. In particular, NWR Management intends to utilise cash flows generated from its joint venture with Millennium Minerals Limited (“MOY”) (“MOY JV”)⁴ to fund development of its Blue Spec Shear deposits. 100% ownership will enable NWR to have full discretion in utilising the entire cash flows for its development activities or distribution purposes.

Simpler corporate structure

The implementation of the Proposed Transaction will result in a simpler corporate and ownership structure that will facilitate potential off-take, debt and equity financing for the Project.

Potential sale of the Project

NWR may be in a relatively better position to maximise the proceeds from the sale of the Project if it decides to do so in the future by virtue of a 100% ownership interest.

⁴ On 2 March 2012, NWR executed the final agreement for a 50:50 joint venture (MOY JV) with local emerging gold producer MOY. Under the MOY JV, the Camel Creek gold deposit will be managed, mined, and processed by MOY through its Golden Eagle treatment plant located circa 6km from Camel Creek.

Disadvantages

Dilution from the shares issued to Gloucester

Gloucester's shareholding in NWR will be 25.57%. The shareholding of the Non-Associated Shareholders will be diluted.

Increased influence over Company

Whilst Gloucester will not obtain management control over NWR as a result of the Proposed Transaction, Gloucester will be the single largest shareholder of NWR after the implementation of the Proposed Transaction. Consequently, Gloucester may have the capacity to block any potential takeover bid of NWR. Gloucester will consider its own interests in such situations and potentially such considerations will be different to other NWR Shareholders.

Sole funding responsibility

As a result of owning 100% of the Project, NWR will be solely responsible for funding the exploration and development activities of the Project even after the completion of a bankable feasibility study ("BFS"). The development of the Blue Spec Shear deposits will require significant investment.

One-off Transaction costs

We have been advised by NWR Management that the costs associated with the Proposed Transaction borne by NWR are approximately A\$0.12 million. We understand that these costs will be borne by NWR irrespective of whether the Proposed Transaction proceeds or not. We have included these Proposed Transaction costs in our valuation of a NWR Share.

Other factors

Uncertainty on the prospectivity of the assets

We note that mineral assets within NWR's projects include exploration and pre-development assets. There is no certainty that the mineral resources relating to NWR's exploration activities will be realised. In addition, the value of mineral resources will depend upon, among other things, metal prices and currency exchange rates. Any material change in quantity of mineral resources or grade, may affect the economic viability of any future mines. Any material reductions in the estimates of mineral resources or NWR's ability to extract any such resources could have a material adverse effect on NWR's future results of operation and financial condition. Resource estimates, including those contained in the Ravensgate Report are expressions of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to NWR's exploration activities could affect NWR's future development and mining plans.

NWR Shareholders' position if the Proposed Transaction is not approved

If the Proposed Transaction is not approved, it would be the current Directors' intention to continue operating the Company in line with its objectives. NWR Shareholders who retain their shares will continue to share in any benefits and risks in relation to NWR's ongoing business.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to approve the Proposed Transaction is a matter for each NWR Shareholder to decide based on their own views of value of NWR and expectations about future market conditions, NWR's performance, risk profile, and investment strategy. If NWR Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN
Partner



SCOTT GRIFFIN
Partner

20 April 2012

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd (“Grant Thornton Corporate Finance”) carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Northwest Resources Limited (“NWR” or the “Company”) to provide general financial product advice in the form of an independent expert’s report in relation to the proposed acquisition of 35% interest in a incorporated joint venture holding the rights to the Nullagine Gold and Antimony Project (the “Project”). This report is included in the Company’s Notice of Meeting and Explanatory Memorandum.

2 Financial Services Guide

This Financial Services Guide (“FSG”) has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance’s client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from NWR a fee of approximately A\$40,000 plus GST, which is based on commercial rate for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The above fee quote excludes any fee payable to the independent technical specialist. The costs associated with the independent technical specialist will be paid separately by the Company.

In addition to any fee that may be payable to Grant Thornton Corporate Finance, the Company agrees to reimburse reasonable out-of-pocket expenses incurred in connection with Grant Thornton Corporate Finance's activities under this engagement.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of NWR in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with NWR (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Transaction.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Industry Complaints Services Complaints Handling Tribunal, No F-3986. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance.

Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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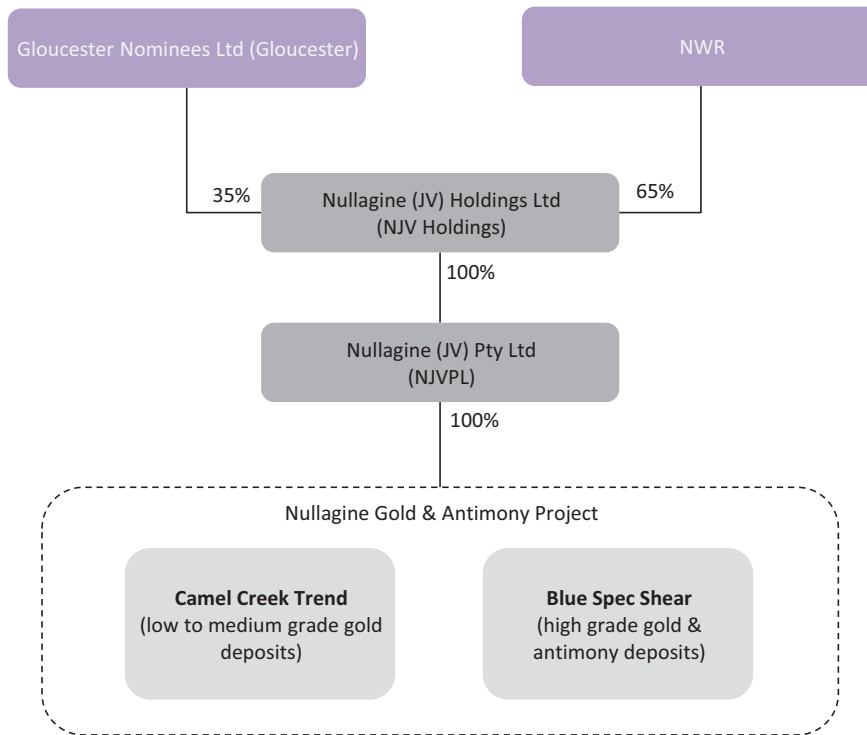
1 Outline of the Proposed Transaction

1.1 Background

Northwest Resources Limited (“NWR” or the “Company”) is an Australian public company listed on the Australian Securities Exchange (“ASX”). The Company is focused on developing its Nullagine Gold & Antimony Project (the “Project”) located in the eastern Pilbara region of Western Australia.

NWR holds 65% interest in the Project under a joint venture agreement (“Nullagine JV”) with Gloucester Nominees Limited (“Gloucester”). For further details refer to section 4.1.1.

The below graph illustrates the structure of the Nullagine JV:



Source: Management

The Project area hosts two distinct zones of mineralisation, the Blue Spec Shear and Camel Creek Trend (“Camel Creek”), prospective for gold and antimony.

1.2 Proposed Transaction

On 30 December 2011, NWR announced that it had entered into a Share Sale and Purchase Agreement (the “Agreement”) with Gloucester to acquire the remaining 35% equity interest in Nullagine (JV) Holdings Ltd (“NJV Holdings”) (the “Proposed Transaction”). As consideration for the Proposed Transaction, NWR will issue 45,000,000 new ordinary shares in NWR (“NWR Shares”) at A\$0.126 per share to Gloucester representing 25.57% of the undiluted share capital of NWR after completion of the Proposed Transaction.

Completion of the Proposed Transaction is conditional on the satisfaction of the following key condition precedents:

- An independent expert concluding that the Proposed Transaction is fair and reasonable to the shareholders of NWR not associated with Gloucester (“Non-Associated Shareholders”); and
- The shareholders of NWR (“NWR Shareholders”) passing all relevant resolutions in relation to the Proposed Transaction.

1.3 Effects of the Proposed Transaction

If the Proposed Transaction is approved by the Non-Associated Shareholders, then:

- Nullagine (JV) Pty Ltd (“NJVPL”) and NJV Holdings will become wholly-owned subsidiaries of NWR;
- NWR will own 100% of the Project, be entitled to receive all the future cash flows, and will be required to procure 100% of the funding to develop the Project;
- Gloucester will own 45,000,000 shares in the Company which will represent approximately 25.57% of the enlarged share capital of NWR on an undiluted basis;
- Gloucester will no longer be entitled to receive 35% of the payments in relation to the royalty receivable by NJVPL under the Royalty Deed⁵;

⁵ Based on the Deed of Royalty dated 11 August 2006, NJVPL was granted a royalty of A\$2.00 per tonne to be payable by MOY on all ore mined and treated from Mining Lease M46/441 as a part of MOY’s Barton Project. NWR expects the commencement of mining in mid-2015 and to receive royalty payments in aggregate of approximately A\$1.2 million over the life mine.

1.4 Ancillary Transaction – Joint venture between Millennium Minerals Limited and NWR (“MOY JV”)

On 19 October 2011, NWR announced that it had entered into a non-binding agreement for a 50:50 joint venture (“MOY JV”) with local emerging gold producer Millennium Minerals Limited⁶ (“MOY”). Under the MOY JV, the Camel Creek gold deposits will be managed, mined, and processed by MOY through its Golden Eagle treatment plant located circa 6km from Camel Creek. The Golden Eagle treatment plant is currently under construction and is designed to process approximately 1.5 million tonnes of ore per annum. The MOY JV plans to commence production from Camel Creek gold deposits in mid-2015.

The final joint venture agreement in relation to MOY JV was executed on 2 March 2012. Key terms of the MOY JV include:

- Gold produced from the MOY JV will be shared on a 50:50 basis;
- All costs associated with mining, processing and administration of the MOY JV will be shared equally on a 50:50 basis;
- MOY will be the manager and operator of the MOY JV;
- NWR will not be required to make any initial capital contribution towards the MOY JV;
- MOY will be required to make the following payments to NWR as manager of the Nullagine JV as a consideration for entering into the MOY JV:
 - A\$250,000 cash to be paid only to NWR;
 - issue MOY shares equivalent to a total value of A\$1,000,000 at a price per share equal to the Volume Weighted Average Price (“VWAP”) for a share in MOY calculated over the 30 trading days prior to the date of issue of the shares to NWR or at such other price as is agreed. The MOY Shares will be distributed to NWR and Gloucester based on their current shareholding structure in the Nullagine JV; and
 - provide funds of up to a maximum of A\$400,000 (inclusive of GST) towards the costs of drilling programmes at Camel Creek agreed to by both the parties. As NWR is currently the sole funder of the Nullagine JV, these funds will not be shared with Gloucester.
- NWR has the option to add additional deposits into the MOY JV with the consent of MOY. For further details on the MOY JV refer to section 4.1.3.

⁶ MOY and NWR are both developing gold projects in the Nullagine goldfield located in the eastern Pilbara region of Western Australia. MOY’s project comprises its main Golden Eagle pit and multiple satellite pits around the Nullagine goldfield, including the Camel Creek which it shares with NWR.

2 Purpose and scope of the report

2.1 Purpose

Item 7 of Section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in the issued voting shares of a company if the acquisition results in the person's voting power in the company increasing from either below 20% to more than 20%, or from a starting point between 20% and 90%, without making an offer to all shareholders of the company.

Item 7 of Section 611 of the Corporations Act allows the shareholders not associated with the acquiring company ("Non-Associated Shareholders") to waive this prohibition by passing a resolution at a general meeting. Regulatory Guide 74 "Acquisitions agreed to by shareholders" ("RG 74") and Regulatory Guide 111 "Content of expert reports" ("RG 111") issued by ASIC set out the view of ASIC on the operation of Item 7 of Section 611 of the Corporations Act.

RG 74 requires that shareholders approving a resolution pursuant to Section 623 of the Corporations Act (the predecessor to Item 7 of Section 611 of the Corporations Act) be provided with a comprehensive analysis of the proposal, including whether or not the proposal is fair and reasonable to the Non-Associated Shareholders. The Independent Directors may satisfy their obligations to provide such an analysis by either:

- commissioning an independent expert's report; or
- undertaking a detailed examination of the proposal themselves and preparing a report for the non-associated shareholders.

Under the Proposed Transaction, Gloucester will increase its shareholding in the Company from zero to 25.57 % of the enlarged share capital on an undiluted basis. Accordingly, the Independent Directors of NWR have engaged Grant Thornton Corporate Finance to prepare an independent expert's report stating whether, in its opinion, the issue of NWR Shares to Gloucester is fair and reasonable to the Non-Associated Shareholders for the purposes of Item 7 of Section 611 of the Corporations Act.

Chapter 10 of the ASX Listing Rules

Chapter 10 of the ASX Listing Rules requires the approval from the non-associated shareholders if a company proposes to acquire or dispose a substantial asset from a related party or a substantial holder.

ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX. Based on ASX Listing Rule 10.1.3, a substantial holder is a person who has a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the voting power of the company.

ASX Listing Rule 10.10.2 requires that the Notice of Meeting be accompanied by a report from an independent expert stating whether the transaction is fair and reasonable to the non-associated shareholders.

With respect to the Proposed Transaction, we note that NWR and Gloucester are deemed related parties⁷ and the value of total consideration exceeds 5% of NWR's equity interest as at 31 December 2011.

Accordingly, the Independent Directors of NWR have engaged Grant Thornton Corporate Finance to prepare an independent expert's report stating whether, in its opinion, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders for the purposes of Chapter 10 of the ASX Listing Rules.

Chapter 2E of the Corporations Act

Section 208 of Chapter 2E of the Corporations Act requires a company to seek shareholder approval before giving a financial benefit to a related party unless the benefit falls within an exception provided for in section 210 of the Corporations Act.

Regulatory Guide 76 "Related party Transactions" ("RG 76") states that it is necessary for entities to include a valuation from an independent expert with a notice of meeting for member approval under Chapter 2E of the Corporations Act where:

- the financial benefit is difficult to value;
- the transaction is significant from the point of view of the entity (see RG 76.112); or
- the independent directors do not have the expertise or resources to provide independent advice to members about the value of the financial benefit.

Accordingly, the Independent Directors of NWR have engaged Grant Thornton Corporate Finance to provide the Non-Associated Shareholders of the Company with an independent expert report in relation to the Proposed Transaction.

2.2 Basis of assessment

In preparing our report, Grant Thornton Corporate Finance has had regard to the Regulatory Guides issued by ASIC, particularly RG 111, which states that an issue of shares requiring approval under Item 7 of Section 611 of the Corporations Act should be analysed as if it were a takeover bid. Accordingly, we have assessed the Proposed Transaction of NWR shares to Gloucester with reference to Section 640 of the Corporations Act.

RG 111 states that:

- an offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison should be made assuming 100% ownership of the target company irrespective of whether the consideration

⁷ Gloucester is deemed to be a related party of NWR under section 228 of the Corporations Act because if the Proposed Transaction is approved, Gloucester will be able to control NWR through its 25.57% shareholding in the undiluted share capital of NWR.

offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company;

- an offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:
 - the offeror's before existing entitlement, if any, in the shares of the target company;
 - other significant shareholding blocks in the target company;
 - the liquidity of the market in the target company's securities;
 - taxation losses, cash flow or other benefits through achieving 100% ownership of the target company;
 - any special value of the target company to the offeror, such as particular technology and the potential to write off outstanding loans from the target company;
 - the likely market price if the offer is unsuccessful; and
 - the value to an alternative offeror and likelihood of an alternative offer being made.

Grant Thornton Corporate Finance has determined whether the Proposed Transaction is fair to the Non-Associated Shareholders by comparing the fair market value of NWR Shares before the Proposed Transaction on a 100% control basis with the fair market value of NWR Shares after the Proposed Transaction on a minority basis. Grant Thornton Corporate Finance has also compared the value of 35% interest in the Nullagine JV on a minority basis with the consideration offered (45 million NWR Shares) on a control basis

In considering whether the Proposed Transaction is reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- whether the Proposed Transaction is fair;
- the implications to NWR and the Non-Associated Shareholders if the Proposed Transaction is not approved;
- other likely advantages and disadvantages associated with the Proposed Transaction as required by RG111; and
- other costs and risks associated with the Proposed Transaction that could potentially affect the Non-Associated Shareholders of NWR.

For the purpose of this report, an independent technical specialist, Ravensgate Mineral Industry Consultants ("Ravensgate") was engaged to conduct an independent geological and technical assessment and a valuation of the Project and other tenements held by NWR.

Ravensgate's report (the "Ravensgate Report") is included as Appendix C to this report.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Proposed Transaction with reference to the ASIC Regulatory Guide 112 "Independence of Expert's Reports" ("RG 112").

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Transaction.

2.4 Consent and other matters

Our report is to be read in conjunction with the Notice of Meeting and Explanatory Memorandum dated on or around 20 April 2012 in which this report is included, and is prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Transaction. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Notice of Meeting and Explanatory Memorandum.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Transaction to NWR Shareholders as a whole. We have not considered the potential impact of the Proposed Transaction on individual NWR Shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Transaction on individual shareholders.

The decision of whether or not to approve the Proposed Transaction is a matter for each NWR Shareholder based on their own views of value of NWR and expectations about future market conditions, NWR's performance, risk profile and investment strategy. If NWR Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

3 Profile of the industry

NWR is a gold and antimony exploration and development company, focused on developing its flagship Nullagine Gold & Antimony Project (the “Project”) located in the eastern Pilbara region of Western Australia.

3.1 Gold

Overview and demand segmentation

Demand for gold is largely driven by gold fabrication and decisions on hedging and investment. Gold fabrication mainly consists of gold manufactured for use in jewellery, coins and medals, dental and other industrial applications. Global gold consumption relating to gold fabrication in 2011 decreased to 2,544 tonnes from approximately 2,699 tonnes in 2008, and global gold investment in 2011 increased to 1,358 tonnes from approximately 855 tonnes in 2008⁸. The increased investment demand and decreased fabrication demand has been largely attributable to an escalation of the European debt crisis putting downward pressure on economic growth and global manufacturing demand. Investors regard gold as a safe haven asset particularly during times of volatility and uncertainty in the financial markets.

Key drivers affecting gold exploration and production

The key drivers affecting gold exploration and production include:

- Demand for gold – the demand for gold exploration and production is derived from investment demand and the demand for related end products such as jewellery;
- Gold prices – low gold prices tend to have a negative impact on the level of gold exploration and production activities and vice versa;
- Exchange rates – gold is usually traded in US dollars, therefore relative exchange rates are an important factor affecting the level of global gold trading and demand;
- Political and regulatory factors – gold exploration activities are considered high risk undertakings as there is a considerable amount of risk and uncertainty surrounding the commercial viability of such projects. Consequently, tenements located in countries with well-defined regulatory processes and a stable political environment may be more attractive to gold explorers and producers as they are less risky than unregulated and politically unstable countries; and
- Funding requirements – given the inherent riskiness of the gold mining industry, the availability and cost of capital to fund such projects can significantly impact on the level of gold exploration and production activities being undertaken.

Supply and price analysis

Global gold production in 2010 grew by approximately 3.8% to an all-time high of 2,689 tonnes⁸. It is estimated that this growth trend will continue through 2012 as a result of increased production levels in Australia, China, Latin America and the US as a response to higher gold prices. Australia is

⁸ Thomson Reuters GFMS, *Gold Survey 2011*

estimated to account for 10.0% of the world's gold production and hold approximately 14.6% of the world's know gold reserves in 2011⁹.

Set out below is the historical gold price, in nominal terms, since April 2007:

Gold (COMEX)



Source: CapitalIQ

The price of gold has increased from US\$1,114 per troy ounce in January 2010 to approximately US\$1,654 per troy ounce in January 2012, representing a compounded annual growth rate of 21.85% in the gold price.

Outlook

As discussed previously, the rising gold price over recent years has been driven by an increase in the appeal of gold to investors as an alternative investment asset.

Given the continual uncertainty over sovereign debt issues in the European Union, the gold price may continue to trend upwards in the short run. In addition, there are fears that the US recovery from the global financial crisis may weaken. IBISWorld estimates that the 2011-16 compounded annual growth rate of world gold price will be approximately 4.9%.

In the long run, gold prices are expected to stabilise to a long term average of US\$1,270¹⁰ per troy ounce with the recovery of the global economy.

3.2 Antimony

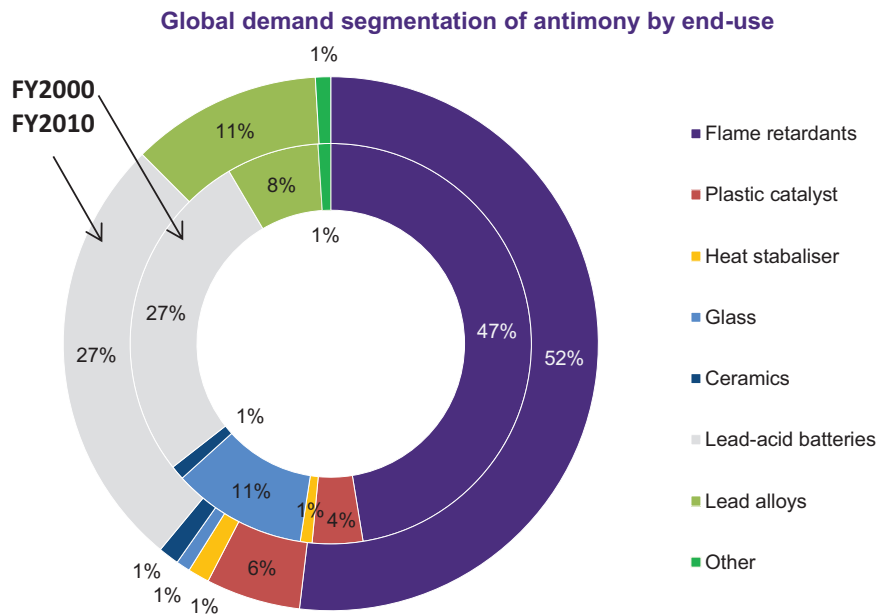
Overview and demand segmentation

Antimony is a highly brittle and crystalline metal used mainly as a flame retardant in clothing, toys, aircraft and automotive seat covers, polyethylene terephthalate (PET) containers, and a wide variety of alloys, especially with lead in battery plates. Recently established uses of antimony include an antimony alloy in a new generation of USB memory devices, which are expected to replace currently available flash drive USB memory devices. Hence, demand for antimony as an industrial metal is forecast to increase in the short to medium term.

⁹ U.S. Department of the Interior U.S. Geological Survey, *Mineral Commodity Summaries 2012*

¹⁰ Energy & Metals Consensus Forecast, January 2012

The graph below illustrates the historical global demand segmentation for antimony:



Source: Roskill estimates

Key drivers affecting antimony exploration and production

The key drivers affecting antimony exploration and production include:

- Demand for antimony – demand for antimony is derived mainly from polymer, PET, automotive production and replacement, and construction demand, which are influenced mainly by general economic growth and spending;
- Antimony prices – low antimony prices tend to have a negative impact on the level of antimony exploration and production activities and vice versa; and
- Technological and procedural advancements for antimony recovery – the supply of antimony have been historically constrained by inefficiencies associated with extracting and purifying the mineral. With new technology and procedures increasing recovery rates and lowering costs, exploration and production of antimony is expected to increase.

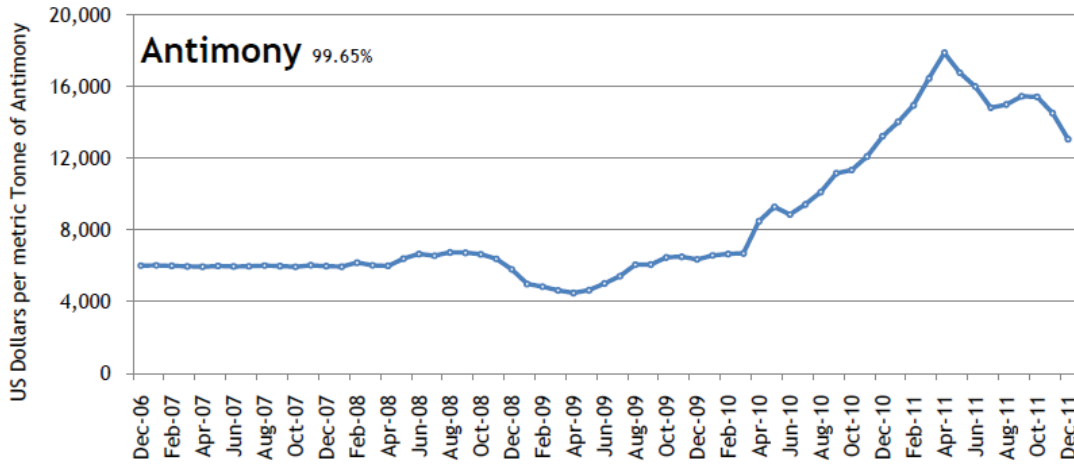
Supply and price analysis

Australia has only one antimony producing mine operated by Mandalay Resources Corporation, which contributes approximately 0.2% of the world’s antimony. Currently, NWR has interest in one of three potential antimony mine projects in Australia.

The supply and demand for antimony is heavily influences by China since the country has historically been the largest producer and user of antimony, and is estimated to account for approximately 88.8%¹¹ of global antimony output in 2011. However, in 2010 China initiated a number of policy changes which acted to constrain antimony exploration and mining. The reduction in the growth of supply from China has put upward pressure on the price of antimony in recent periods as detailed below.

¹¹ U.S. Department of the Interior U.S. Geological Survey, *Mineral Commodity Summaries 2012*

Set out below is the historical antimony price, in nominal terms, since December 2006:



Source: Metalprices.com

Demand for antimony has increased by approximately 38% per annum, with the price of antimony having increased from US\$6,700 per tonne in January 2010 to US\$12,800 per tonne in December 2011.

Outlook

In the short to medium term, the continual restraint of China’s antimony production combined with unfaltering growth in demand is expected to increase the growth rate of antimony prices. The biggest buyer of Chinese antimony, the US, increased its import volume for consumption by 22.9% to 26,200¹² tonnes in 2010.

In the long term supply is expected to improve and stabilise antimony prices. This is mainly because China, while currently being the main producer of antimony, holds only circa 50% of the world’s known reserves. With the further improvement of the antimony price and better technology that enable more economical extraction and purification of antimony, it is expected that antimony exploration and production will increase in other countries to meet demand.

¹² U.S. Department of the Interior U.S. Geological Survey, *Mineral Commodity Summaries 2012*

4 Profile of NWR

4.1 Company overview

NWR is an ASX listed company engaged in the exploration and development of gold and antimony. The Company's current activities are focused on developing its flagship Nullagine Gold & Antimony Project (the "Project") in the eastern Pilbara region of Western Australia. The Project consists of eight mining and fourteen prospecting licenses, covering approximately 46.19 square kilometres¹³ ("km") and is located 22 km east of Nullagine.

NWR currently holds 65% interest in the Project under the Nullagine JV agreement with Gloucester.

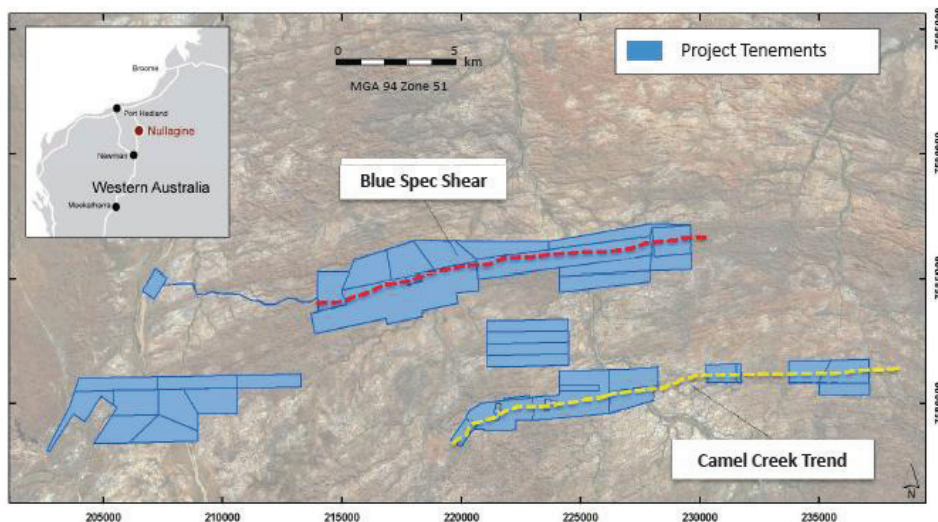
4.1.1 Nullagine JV

The key terms of the Nullagine JV are summarised below:

- NWR and Gloucester own 65% and 35% respectively of the issued share capital of NJV Holdings, which owns 100% of NJVPL;
- NJVPL is the registered holder of the key mining leases and licences that comprise the Project,
- NWR has the sole obligation to fund:
 - All the costs in relation to completion of a bankable feasibility study ("BFS"); and
 - All exploration and administrative costs up until the completion of a BFS.

¹³ Ravensgate Report

As illustrated below, the Project area hosts two distinct zones of mineralisation, the Blue Spec Shear and Camel Creek Trend (“Camel Creek”). The Company is mainly focused on the development of the high grade Blue Spec Shear.



Source: NWR Corporate Presentation, December 2011

4.1.2 Blue Spec Shear

Overview

NWR’s core deposits are located in Blue Spec Shear which is an east-west trending shear zone stretching over 16kms within the Project and hosts high grade gold-antimony deposits.

As at 31 December 2011, Blue Spec Shear had a JORC¹⁴ defined mineral resource of 356,000 ounces of contained gold and 9,190 tonnes of contained antimony. The following table summaries the mineral resources estimates for Blue Spec Shear:

Deposit	Tonnes (t)	Au grade (g/t)	Contained Au (oz)	Contained Sb (t)
Blue Spec	308,000	24.3	254,000	5,500
Golden Spec	273,000	8.5	75,000	2,300
Green Spec	102,000	3.2	10,000	1,100
Red Spec	290,000	1.9	17,000	290
Total	973,000	19.3	356,000	9,190

Source: Ravensgate Report

Currently, NWR is focused on developing its flagship Blue Spec and Golden Spec Deposits into a combined underground gold and antimony mine.

History

Both Blue Spec and Golden Spec Deposits have been historically mined and have produced an overall estimated 85,000 ounces of gold at a grade of 24 g/t. A carbon-in treatment plant (the “Plant”) and ancillary building were constructed by Chase Minerals NL (previous owner) in 1988 to process ore from the Golden Spec Deposit. The Plant is currently configured to process 38,000 t per annum. When it had been in operation, the Plant is reported to have achieved significant gold recoveries ranging between 89-91% and 60% for antimony.

¹⁴ A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code – 2004 Edition).

Recent initiatives and outlook

Recent exploration and development initiatives undertaken include:

- Recent near-surface drilling completed in March 2011 resulted in the doubling (113%) of Golden Spec Deposit's resources to 75,000 ounces of gold and 2,300 tonnes of antimony, and Red Spec's maiden JORC Mineral Resource estimate of 17,000 ounces of gold and 290 tonnes of antimony;
- In November 2011, NWR announced the commencement of a new diamond drilling program at Blue Spec and Golden Spec Deposits which will consist of 1,600m of diamond drilling. The ore zone material recovered from the drilling will be used for the first stage of detailed metallurgical testwork program to be conducted by Como Engineers Pty Ltd and Amdel Mineral Laboratories. The testwork will assist NWR in its process flow design evaluation and capital cost estimates for Blue Spec. The testwork is also expected to help NWR advance its ongoing discussions with parties interested in potential gold-antimony concentrate off-take and smelting arrangements with NWR. The drilling program and testwork is expected to be completed in the first quarter of 2012 ;
- NWR has initiated an engineering appraisal of the Plant to assess the feasibility of refurbishing the Plant for processing the ore that will be mined from Blue Spec and Golden Spec Deposits and produce antimony as a by-product; and
- The associated feasibility studies and the attainment of environmental and heritage permit processes are advanced and NWR has entered into discussions with a number of contractors to mine these deposits.

We note that NWR has indicated that significant funding will be required to advance Blue Spec and Golden Spec Deposits into production phase. The Company intends to raise the required funds either through antimony off-take agreements, bank financing, equity financing or a combination of all of them.

4.1.3 Camel Creek

Overview

Camel Creek is located 5kms south of Blue Spec Shear, and contains multiple low grade resource deposits amendable to open-pit mining.

As at the 30 December 2011, Camel Creek hosted four near surface deposits:

Deposit	Tonnes (t)	Au grade (g/t)	Contained Au (oz)
Roscoe's Reward	300,000	2.1	20,000
Round Hill	62,000	4.3	8,000
Junction	76,000	3.4	8,000
Little Wonder	163,000	1.9	10,000
Total	601,000	2.7	46,000

Source: Ravensgate Report

Recent initiatives and outlook

Recent exploration and development initiatives undertaken include:

- In addition to the above deposits, NWR has identified other potential exploration targets. Recent successfully completed drillings in FY2010 and FY2011 at prospects such as Federation and Corsair have confirmed the presence of gold mineralisation, which have the potential to be converted into JORC Mineral Resources; and

MOY JV

- On 5 March 2012, NWR announced that the final agreement in relation to MOY JV was executed between NWR and MOY¹⁵. Under the MOY JV, the Camel Creek gold deposits will be managed, mined, and processed by MOY through its Golden Eagle treatment plant which is currently under construction. The key terms of the MOY JV are summarised as follows:
 - MOY will be required to make the following payments as consideration to NWR as manager for entering into the MOY JV:
 - A\$250,000 cash to be paid only to NWR;
 - issue MOY shares equivalent to a total value of A\$1,000,000 at a price per share equal to the VWAP for a share in MOY calculated over the 30 trading days prior to the date of issue of the shares to NWR or at such other price as is agreed. The MOY Shares will be distributed to NWR and Gloucester based on their current shareholding structure in the Nullagine JV; and
 - provide funds of up to a maximum of A\$400,000 (inclusive of GST) towards the costs of drilling programmes at Camel Creek agreed to by both the parties. As NWR is currently the sole funder of the Nullagine JV, these funds will not be shared with Gloucester. We note that NWR commenced a drilling program in November 2011 at Camel Creek consisting of circa 5,600m of reverse circulation (“RC”) drilling at Camel Creek. We note that MOY has already reimbursed part of NWR’s drilling expenses for this program;
 - MOY has been appointed manager of the MOY JV and will not be entitled to a separate management fee for managing and operating the MOY JV;
 - The key activities undertaken by MOY JV will encompass mining, treatment, storage and delivery of ore, and rehabilitation of tenements. The MOY JV does not provide for any joint or cooperative marketing or selling of the commercially saleable ore (the “Products”);
 - Mining and treatment of ore from Camel Creek will occur after the mining and treatment of ore from MOY’s Golden Gate deposits. All ore mined as part of the joint venture will be processed through MOY’s treatment plant at Golden Eagle deposit, which is currently under construction;
 - All MOY JV property and Products will be owned by the joint venturers severally as tenants in common on a 50:50 basis;

¹⁵ MOY and NWR are both developing gold projects in the Nullagine goldfield located in the eastern Pilbara region of Western Australia. MOY’s project comprises its main Golden Eagle pit and multiple satellite pits around the Nullagine goldfield, including the Camel Creek Trend which it shares with NWR.

- NWR will not be required to make any up front capital contributions to the MOY JV;
- All MOY JV expenditure incurred in accordance with approved programmes and budgets will be borne by the joint venturers on a 50:50 basis;
- A Management Committee will be established with each joint venturer appointing two representatives. The Management Committee's role will be to make all strategic decisions relating to the conduct of MOY JV activities and approving management plans; and
- If MOY JV does not commence its operating activities by 30 June 2015, the joint ventures may agree in writing to terminate the MOY JV.

4.2 Financial information

4.2.1 Financial Performance

The statements of comprehensive income of NWR for FY2010, FY2011 and 1HY2012 are set out in the table below:

NWR	FY10	FY11	1HY12
Statement of Comprehensive Income	Audited	Audited	Unaudited
	(A\$)	(A\$)	(A\$)
Revenue	-	62,959	71,461
Administration expense	(538,003)	(551,859)	(388,220)
Employees benefit expense	(341,112)	(408,382)	(197,074)
Impairment expense	(4,137,870)	(10,562,081)	(931,155)
Share based payments	(8,826)	-	-
EBITDA	(5,025,811)	(11,459,363)	(1,444,988)
Depreciation expense	(60,632)	(54,716)	NA
EBIT	(5,086,443)	(11,514,079)	(1,444,988)
Interest received	345,759	312,115	NA
Finance costs	-	-	NA
Profit (loss)	(4,740,684)	(11,201,964)	(1,444,988)

Source: NWR annual and interim reports

We note the following in relation to the statements of comprehensive income set out above:

- In FY2011, revenue of A\$62,959 consists of lease fees;
- NWR recognised impairment expenses of approximately A\$4.1 million in FY2010 and A\$10.6 million in FY2011 in relation to the write-off of capitalised exploration, evaluation and development expenditure in accordance with the requirements of the accounting standards; and
- NWR recognised impairment expenses of approximately A\$0.9 million in 1HY2012 in relation to the write-off of investment in convertible notes and interest receivable on these convertible notes in accordance with the requirements of the accounting standards.

4.2.2 Statements of Financial Position

The statements of financial position of NWR as at 30 June 2011 and 31 December 2011 are set out in the table below:

NWR	30 Jun 2011	31 Dec 2011
Statements of Financial Position	Audited	Unaudited
	(A\$)	(A\$)
Current assets		
Cash and cash equivalents	2,878,128	1,716,990
Trade and other receivables	22,063	186,569
Other	51,064	39,978
Financial assets	697,263	-
Total current assets	3,648,518	1,943,537
Non-current assets		
Trade and other receivables	244,175	-
Property, plant & equipment	1,318,478	1,295,603
Exploration, evaluation and development expenditure	5,414,715	6,048,801
Total non-current assets	6,977,368	7,344,404
Total assets	10,625,886	9,287,941
Current liabilities		
Trade and other payables	161,142	273,866
Short term provisions	65,049	57,603
Total current liabilities	226,191	331,469
Non-current liabilities		
Long term provisions	24,438	26,203
Total current liabilities	24,438	26,203
Total liabilities	250,629	357,672
Net assets	10,375,257	8,930,269
Equity		
Issued capital	29,610,816	29,610,816
Retained losses	(19,882,811)	(21,324,050)
Non-controlling interests	647,252	643,503
Total equity	10,375,257	8,930,269

Source: NWR annual and interim reports

We note the following in relation to the statements of financial position:

- Other current assets of A\$39,978 as at 31 December 2011 include prepayments and interest receivable;
- Current financial assets of A\$697,263 as at 30 June 2011 is in relation to convertible notes which were fully impaired in 1HY2012 in accordance with the requirements of the accounting standards; and
- Non-current trade and other receivables of A\$244,175 in FY2011 consisted mainly of interest receivable in relation to the convertible notes which were fully impaired in 1HY2012.

4.3 Capital Structure

As at 24 January 2012, NWR has the following securities on issue:

- 130,970,418 fully paid listed ordinary shares (“NWR Shares”);
- 7,575,000 unlisted performance rights issued to employees of the Company (“Performance Rights”) under the NWR Performance Rights Plan (“Rights Plan”); and
- 3,000,000 unlisted options (“Options”) exercisable at \$0.25 per option issued on 2 December 2011 to Non-Executive Directors.

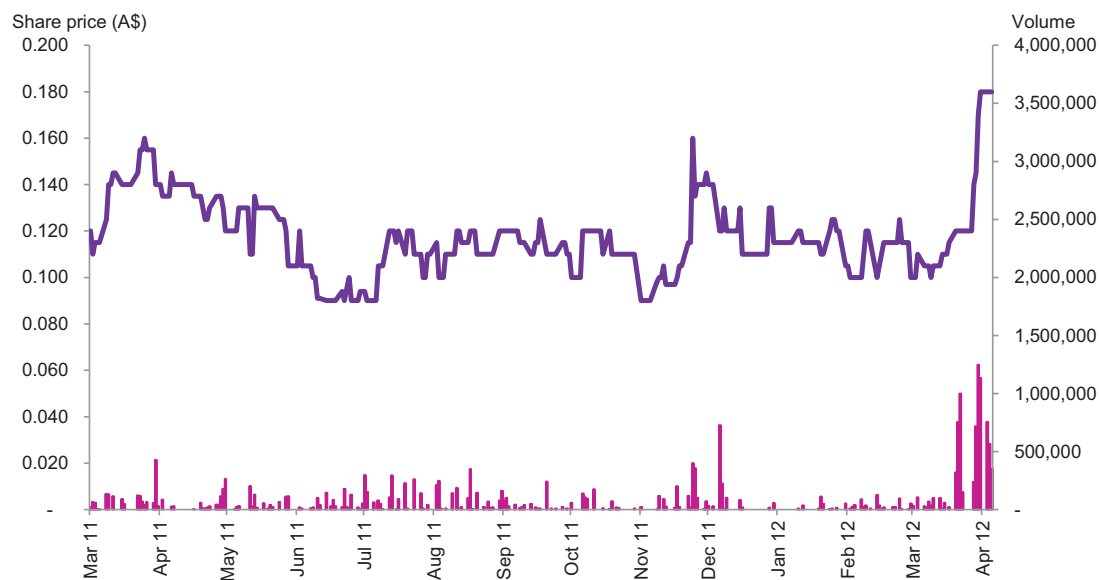
NWR Shares

The top ten shareholders of NWR as at 5 March 2012 are set out below:

Holder Name	Number of shares	Interest (%)
Craigside Company Limited	15,000,000	11.45%
National Nominees Limited	14,376,266	10.98%
Amalgamated Dairies Charitable Trust	12,335,865	9.42%
Forty Traders Limited	7,524,226	5.74%
Mr William Douglas Goodfellow	6,263,980	4.78%
Mr Paul Graham Keeling & Mr Edgar William Preston <Avalon A/C>	5,335,865	4.07%
Archem Trading (Nz) Limited	3,785,483	2.89%
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	3,229,535	2.47%
Bruce Birnie Pty Ltd	3,122,582	2.38%
Albert Street Nominees Pty Limited	2,940,776	2.25%
Top 10 shareholders	73,914,578	56.44%
Other shareholders	57,055,840	43.56%
Total	130,970,418	100.00%

Source: NWR Management

The daily movements in NWR's share price and volumes for the period from March 2010 to April 2012 is set out below:



Source: Capital IQ

We note the following with regards to the share price history shown above:

Date	Comments
13 April 2012	NWR responds to a ASX price and volume query in relation to the securities of NWR. Share price closed at A\$0.180.
5 March 2012	NWR announced that the final agreement in relation to MOY JV was executed. Share price closed at A\$0.115.
30 Dec 2011	NWR announced that it has entered into a conditional agreement with Gloucester to acquire 35% minority interest in the Project for a consideration of 45,000,000 NWR Shares (the Proposed Transaction). Share price closed at A\$0.110.
22 Dec 2011	NWR announced appointment of Executive General Manager. Share price closed at A\$0.120.
19 Dec 2011	NWR announced that ASIC commenced proceedings in the Federal Court of Australia against Craigsid Company Limited which is the registered holder of 15 million shares in NWR in relation to the beneficial interest of Craigsid Company Limited in those shares. Federal Court has ordered that Craigsid Company Limited be restrained from exercising any voting or other rights, or disposing any interest in those shares. Share price closed at A\$0.120.
28 Nov 2011	NWR announced the commencement of a diamond drilling program, comprising of approximately 1,600 m of diamond core drilling at its Blue Spec and Golden Spec gold-antimony deposits. Share price closed at A\$0.100.
17 Nov 2011	NWR announced the commencement of its joint venture drilling program with MOY at three of NWR's Camel Creek gold deposits. Share price closed at A\$0.090.
3 Nov 2011	MOY announced assay results from 2 RC drilling at NWR's Otways and Little Wonder deposits demonstrating resource expansion potential at both deposits. Share price closed at A\$0.110.

Date	Comments
19 Oct 2011	NWR announced a non-binding heads of agreement for a 50:50 joint venture with MOY (MOY JV). Share price closed at A\$0.120.
8 Aug 2011	NWR announced that it had increased its JORC reported mineral resource estimate at the Golden Spec deposit by 113% to 75,000 ounces of gold and a maiden JORC mineral resource estimate for the Red Spec deposit of 18,000 ounces gold. Share price closed at A\$0.110.
11 May 2011	NWR announced strong gold antimony sample and assay results from a RC drilling program consisting of 2,933m over 43 holes focused on its Golden Spec deposit at the Project ("2011 Drilling Program"). Share price closed at A\$0.135.
28 Mar 2011	NWR announced the completion of the 2011 Drilling Program. Share price closed at A\$0.140.
9 Mar 2011	NWR announced the commencement of the 2011 Drilling Program. Share price closed at A\$0.135.
24 Nov 2010	NWR announced shallow high-grade gold results and significant intersections from a RC drilling program consisting of 6,400m and over 157 holes at the Project completed in October 2010 (2010 Drilling Program). Share price closed at A\$0.125.
7 Oct 2010	NWR announced completion of its 2010 Drilling Program. Share price closed at A\$0.075.

Source: ASX Announcements

Set out below is the share price performance of NWR since March 2011:

Northwest Resources	Share Price			Average weekly volume 000'
	High A\$	Low A\$	Close A\$	
Month ended				
Mar 2011	0.145	0.105	0.140	256
Apr 2011	0.160	0.135	0.135	257
May 2011	0.140	0.110	0.130	288
Jun 2011	0.130	0.090	0.090	190
Jul 2011	0.125	0.090	0.120	385
Aug 2011	0.120	0.100	0.120	429
Sep 2011	0.125	0.110	0.125	213
Oct 2011	0.125	0.100	0.120	212
Nov 2011	0.120	0.090	0.100	136
Dec 2011	0.160	0.105	0.110	531
Jan 2012	0.130	0.115	0.115	27
Feb 2012	0.125	0.100	0.110	158
Mar 2012	0.125	0.100	0.115	184
Week ended				
20 Jan 2012	-	-	0.115	-
27 Jan 2012	0.120	0.115	0.115	45
3 Feb 2012	0.120	0.110	0.110	174
10 Feb 2012	0.125	0.120	0.120	33
17 Feb 2012	0.115	0.100	0.100	130
24 Feb 2012	0.120	0.100	0.115	158
2 Mar 2012	0.115	0.100	0.115	189
9 Mar 2012	0.125	0.115	0.115	147
16 Mar 2012	0.115	0.100	0.110	197
23 Mar 2012	0.105	0.100	0.105	255
30 Mar 2012	0.115	0.105	0.115	192
6 Apr 2012	0.130	0.110	0.120	2,227
13 Apr 2012	0.200	0.130	0.180	3,336

Source: Capital IQ and calculations

4.3.1 Performance Rights

The following Performance Rights were issued to employees of the Company:

Issue date	14 January 2011	22 December 2011	24 January 2012
Vesting date	14 January 2012 and 14 January 2013	Nil	Nil
Issue size	150,000	2,500,000	5,000,000
Issue price	Nil	Nil	Nil
Conversion ratio	1:1 ratio	1:1 ratio	1:1 ratio
Exercise price	Nil	Nil	Nil
Expiry date	14 January 2013	500,000 Rights within 18 months of issue 1,000,000 Rights within 2 years of issue 1,000,000 Rights within 3 years of issue	1,000,000 Rights within 1 year of issue 2,000,000 Rights within 2 years of issue 2,000,000 Rights within 3 years of issue
Vesting condition	Continual employment with the Company	Performance hurdles relating to project authorisations and production targets	Performance hurdles relating to share price, TSR and production targets

Source: Company announcements

4.3.2 Options

NWR issued 3,000,000 options in December 2011 with the following key terms:

Issue date	2 December 2011
Expiration date	28 November 2014
Issue size	3,000,000
Issue price	Nil
Conversion ratio	1:1 ratio
Exercise price	A\$0.25

Source: Company announcements

5 Valuation methodologies

5.1 Introduction

As part of assessing whether or not the Proposed Transaction is fair to NWR Shareholders, Grant Thornton Corporate Finance has compared:

- Fair market value of NWR Shares before the Proposed Transaction on a control basis; and
- Fair market value of NWR Shares after the Proposed Transaction on a minority basis.

In each case, Grant Thornton Corporate Finance has assessed values using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing by not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- Amount available for distribution to security holders on an orderly realisation of assets;
- Quoted price for listed securities, when there is a liquid and active market; and
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and

most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

Grant Thornton Corporate Finance has selected the market value of net assets as the primary method to assess NWR's equity value. The market value of net assets is based on the sum-of-parts of NWR's assets and liabilities as set out in NWR's unaudited balance sheet as at 31 December 2011. In assessing the fair market value of NWR, Grant Thornton Corporate Finance has aggregated:

- the market value of its mineral assets;
- the value of other assets and liabilities owned by NWR;
- deducted the net present value of corporate overheads; and
- deducted costs associated with the Proposed Transaction.

RG111 requires the fairness assessment to be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is script or cash and without consideration of the percentage holding of the offeror or its associates in the target company. The valuation of exploration assets for independent expert's report purposes are typically carried out in conjunction with an independent technical specialists with expertise in the relevant minerals in accordance with RG112 and generally accepted market practice.

For the purposes of this report, Grant Thornton Corporate Finance has engaged Ravensgate to prepare a valuation of the exploration and predevelopment assets of NWR which was completed in accordance with the VALMIN Code¹⁶.

A copy of Ravensgate Report is included as Appendix C to this report.

Prior to reaching our valuation conclusions, we have considered the reasonableness of our valuation by comparing our results to the quoted share price of NWR.

¹⁶ The VALMIN Code is binding on members of the Australasian Institute of Mining and Metallurgy when preparing public independent expert reports required by the Corporations Act concerning mineral and petroleum assets and securities. The purpose of the VALMIN Code is to provide a set of fundamental principles and supporting recommendations regarding good professional practice to assist those involved in the preparation of independent expert reports that are public and required for the assessment and/or valuation of mineral and petroleum assets and securities so that the resulting reports will be reliable, thorough, understandable and include all the material information required by investors and their advisers when making investment decisions.

6 Valuation assessment of NWR before the Proposed Transaction

6.1 Valuation summary

As outlined in section 5.3, Grant Thornton Corporate Finance has adopted the market value of net assets methodology to assess the equity value of NWR before the Proposed Transaction.

Set out below is a summary of our valuation assessment of NWR before the Proposed Transaction on a control basis:

NWR valuation before the Proposed Transaction	Section Reference	Low A\$'000	High A\$'000
Fair value of Blue Spec Shear and prospecting licences	6.1.1	12,460	14,830
Fair value of Camel Creek	6.1.2	1,066	1,066
Adjusted other assets and liabilities	6.1.3	3,454	3,454
Value of royalty payments	6.1.4	359	359
Less: Value of Performance Rights	6.1.5	(802)	(334)
Less: Value of Options	6.1.6	(170)	(170)
Less: Capitalised corporate overheads	6.1.7	(2,450)	(2,100)
Less: Costs of the Proposed Transaction	6.1.8	(116)	(116)
Add: Tax losses	6.1.9	3,250	3,250
NWR equity value (control basis)		17,052	20,239
Number of NWR Shares on issue ('000)	4.3	130,970	130,970
Assessed value per NWR Share (\$) (Control basis)		0.130	0.155

Source: Calculations

6.1.1 Blue Spec Shear and other prospecting licences

As discussed in section 5.3, Ravensgate has assessed the fair market value of NWR's mineral assets including Blue Spec Shear and other prospecting licences. The assessed value of Blue Spec Shear and other prospecting licences is summarised in the table below:

Project	Ownership	Valuation (A\$'000)	
		Low	High
Blue Spec Shear	65%	11,100	12,880
Other Prospecting Licences	100%	1,360	1,950
		12,460	14,830

Source: Ravensgate Report

We note that the value of mineral assets assessed by Ravensgate is based on a 100% basis. In our assessment of NWR's 65% interest in the mineral assets, we have not applied any discount due to the following reasons:

- NWR is the manager of the Nullagine JV;

- NWR has the sole obligation to fund all exploration and administration costs up until the completion of a BFS; and
- Based on the terms of the joint venture agreement, NWR has the right to appoint and remove three directors and the chairman of NJV Holdings.

Accordingly, it is our opinion that a minority discount is not applicable in assessing NWR's 65% interest in NJV Holdings.

6.1.2 Camel Creek

The final agreement in relation to MOY JV was executed between NWR and MOY on 2 March 2012 and subsequently announced on ASX on 5 March 2012.

We believe that the valuation of Camel Creek based on the recently announced terms of MOY JV is appropriate as it represents an arm's length transaction between MOY and NWR. Ravensgate has assessed the value of Camel Creek using the joint venture terms valuation method to be A\$3.28 million on a 100% basis (\$2.13 million for NWR's 65% interest in Camel Creek). The assessed value of Camel Creek attributable to NWR is summarised in the table below:

Camel Creek	A\$'000
Assessed value by Ravensgate based on MOY JV terms (100%)	3,280
NWR's interest in MOY JV	50%
	1,640
NWR's interest in Camel Creek	65%
Fair value of NWR's effective interest in Camel Creek	1,066

Source: Ravensgate report and calculations

6.1.3 Adjusted other assets and liabilities

For the purpose of this report, we have assessed the fair market value of other assets and liabilities of NWR based on the unaudited balance sheet as at 31 December 2011. Our assessment of NWR's other assets and liabilities are set out below:

Adjusted other assets and liabilities		31-Dec-11
		A\$'000
Cash and cash equivalents	Note 1	1,717
Trade and other receivables		187
Other current assets		40
Property, plant & equipment	Note 2	892
Trade and other payables		(274)
Provisions		(84)
<i>Equalisation payment pursuant to MOY JV</i>	Note 3	
Cash payable by MOY		250
Fair value of MOY Shares held by NWR	Note 4	650
MOY reimbursement of NWR drilling program costs	Note 5	76
Convertible notes	Note 6	-
Total other assets and liabilities		3,454

Source: NWR management accounts and adjustments made by Grant Thornton

Note 1

Cash and cash equivalents already include an amount of A\$324,000 in relation to drilling expense reimbursements received from MOY under the terms of MOY JV. We note that the maximum reimbursable amount is A\$400,000.

Note 2

Balance adjusted to reflect NWR's 65% interest in NJV Holdings

Note 3

Based on the terms of MOY JV, MOY will be required to make the following equalisation payments to NWR as manager for entering into the MOY JV:

- A\$250,000 cash payable to NWR only;
- issue MOY shares equivalent to a total value of A\$1,000,000 to be shared between NWR and Gloucester based on relative shareholding in the Nullagine JV; and
- reimburse funds to NWR of up to a maximum of A\$400,000 (inclusive of GST) towards the costs of drilling programmes at Camel Creek agreed to by both the parties. These funds are only payable to NWR.

Note 4

We have adjusted the value of MOY Shares held by NWR to reflect NWR's 65% interest before the Proposed Transaction.

Note 5

As discussed above, NWR has already received A\$324,000 in relation to drilling expense reimbursements from MOY. Accordingly, we have incorporated the remaining A\$76,000 payable by MOY in our valuation.

We note that as all the drilling costs are borne by NWR, there is no requirement to make an adjustment in relation to Gloucester's 35% interest in NJV Holdings.

Note 6

We note that NWR's balance sheet as at 30 June 2011 included financial assets of approximately A\$0.7 million consisting of convertible notes. We have been advised by NWR Management that the convertible notes have been fully impaired as at 31 December 2011 in accordance with the accounting standards, and hold nil value to the Company.

6.1.4 Value of Royalty Payments

Pursuant to the Deed of Royalty dated 11 August 2006, NJVPL was granted a royalty of A\$2.00 per tonne payable by MOY ("Royalty Payments") on all ore mined and treated from Mining Lease M46/441. The Royalty Payments receivable by NJVPL have not been considered by Ravensgate in the value of mineral assets. NWR Management have advised that MOY expects to commence mining at Mining Lease M46/441 in mid-2015 and the total royalty payments are expected to be approximately A\$1.2 million over the life of the mine.

For the purpose of our valuation, we have calculated the net present value of the royalty payments adjusted for NWR's 65% interest in NJVPL. We have assessed the discount rate to be 20% based on the specific risks of the projects.

6.1.5 Performance Rights

As discussed in section 4.3.1, NWR currently has 7.575 million Performance Rights on issue. We have assessed the fair market value of the Performance Rights using the Cox-Ross-Rubenstein Binomial Model ("Binomial Model").

To assess the value of Performance Rights with market based vesting conditions we have used Monte-Carlo simulation valuation methodology in conjunction with the Binomial Model.

With respect to Performance Rights with non-market based conditions we have assessed a probability factor of the vesting conditions being achieved in the range of 50% to 100% based on discussions with NWR Management.

We have had regard to the following key assumptions in our valuation assessment:

- The various expiration or vesting dates of the Performance Rights as detailed in Section 4.3.1;
- Underlying share price of A\$0.11;
- Risk free rate of 4.0%, being yield on 5 year Australian Commonwealth Government Bond; and
- Assessed volatility over the life of Performance Rights of 100%.

Based on the above, we have assessed the value of Performance Rights to be in the range of A\$334,000 and A\$802,000.

6.1.6 Options

NWR currently has 3.0 million Options on issue as set out in Section 4.3.2. The value of the Options has been determined using the Binomial Model, and with regard to the following key assumptions:

- Expiry date of 28 November 2014;
- Underlying share price of A\$0.11;
- Risk free rate of 4.0%, being yield on 5 year Australian Commonwealth Government Bond; and
- Assessed volatility over the life of the Options of 100%.

Based on the above, we have assessed the value of Options to be approximately A\$170,000.

6.1.7 Capitalised corporate overheads

NWR incurs ongoing corporate costs which are not directly related to the exploration and exploitation of its mining assets. These costs are associated with maintaining offices, the executive management teams, finance and corporate administration. We have excluded from the capitalised value of corporate overheads costs associated with maintaining a listing status such as annual listing fees, registry fees and non-Executive Directors' fees as we have valued NWR on a 100% basis in accordance with the requirements of RG111.

Based on the discussions with Management, annual corporate overheads excluding those associated with maintaining a listed status and one-off expenses have been assessed in the range of A\$600,000 to A\$700,000 per annum on a pre-tax basis.

We have assessed the capitalisation of earnings multiple having regard to NWR's cost of equity. We have assessed the discount rate to be 20% based on the specific risks of the projects¹⁷. Accordingly, we have capitalised the corporate overheads of NWR using a multiple of 5 times.

¹⁷ We note that the earnings multiple of 5 times applicable to the corporate overheads have been estimated based on the inverse of cost of equity (i.e. $1/20\% = 5x$). The cost of equity has been assessed having regard to comparable companies listed on the ASX.

The following table calculates the capitalised value of corporate overheads which we have incorporated into the assessment of the fair value of NWR:

Capitalised corporate overheads	Low	High
	A\$'000	A\$'000
Assessed ongoing corporate overheads	600	700
Tax shield	(180)	(210)
Adjusted ongoing corporate overheads (after tax)	420	490
Capitalisation multiple	5.0	5.0
Capitalised corporate overheads	2,100	2,450

Source: NWR Management and calculations

6.1.8 Transaction costs

For the purpose of the valuation, Grant Thornton Corporate Finance has taken into consideration costs associated with the Proposed Transaction payable by NWR. Management of NWR has advised that the estimated transaction costs to be incurred by NWR are approximately A\$120,000 irrespective of whether the Proposed Transaction is completed or otherwise. As at 31 December 2011, A\$6,200 has already been paid to Ravensgate. Accordingly, Grant Thornton Corporate Finance has incorporated transaction costs of A\$113,800 into the assessment of the fair value of NWR Shares.

6.1.9 Taxation losses

NWR has approximately A\$6.5 million in accumulated net tax losses which could potentially be used to offset against future taxable income. However, the amount has not been recognised as an asset for financial reporting purposes as it does not satisfy the recognition criteria under the relevant accounting standards.

For valuation purposes, unutilised tax losses may have a value as the hypothetical purchaser of a company can use the tax losses to offset against future taxable income, subject to satisfying certain taxation rules.

With respect to the potential utilisation of tax losses by NWR, Grant Thornton Corporate Finance notes that:

- NWR does not currently generate any material earnings or positive cash flows;
- NWR's mineral assets are either at the exploration stage or at before the development stage. Management of NWR have advised that in order to utilise the tax losses to offset future taxable income, NWR needs to reach the production phase;
- NWR expects to commence production at Blue Spec Shear in FY2013 and Camel Creek in FY2015; and
- NWR is expected to generate further significant tax losses through the development of the Blue Spec Shear in the following years, which will increase the value of the tax losses when NWR becomes profitable.

In our assessment of the market value of the tax losses, we have applied a 50% discount to the net value of tax losses to take into account the following:

- The time value of money;
- The uncertainty surrounding the ability of NWR to bring the Project to production and generate sufficient profit before tax to offset against accumulated tax losses; and
- The limited value that a hypothetical purchaser may attribute to the accumulated tax losses under the fair market value principle.

Based on the above, we have assessed the value of tax losses to be A\$3.25 million.

6.2 Valuation cross check

Prior to reaching our valuation conclusion, we have considered the quoted security price of NWR Shares. In accordance with the requirements of RG111, we have considered the listed securities' depth, liquidity, and whether or not the market value is likely to represent the value of NWR.

The following table summarises the monthly trading volume of NWR Shares since January 2011:

Month end	Volume traded ('000)	Monthly VWAP (A\$)	Total value of shares traded (A\$'000)	Volume traded as % of free float*
Jan 2011	3,381	0.1516	513	4.6%
Feb 2011	2,012	0.1346	271	2.7%
Mar 2011	1,177	0.1308	154	1.6%
Apr 2011	1,078	0.1472	159	1.5%
May 2011	1,268	0.1260	160	1.7%
Jun 2011	834	0.1059	88	1.1%
Jul 2011	1,615	0.1021	165	2.2%
Aug 2011	1,974	0.1133	224	2.7%
Sep 2011	939	0.1170	110	1.3%
Oct 2011	889	0.1155	103	1.2%
Nov 2011	598	0.1023	61	0.8%
Dec 2011	2,335	0.1305	305	3.2%
Jan 2012	118	0.1169	14	0.2%
Feb 2012	664	0.1090	72	0.9%
Mar 2012	810	0.1079	87	1.1%

* As at 1 March 2012, there was approximately 130,970,718 free float NWR Shares
Source: *Capital IQ*

Based on the above table, we note the following:

- There has been historically consistent but low level of trading in NWR Shares;
- The monthly volume traded as a percentage of free-float shares ranged between 0.2% and 4.6% with an average of 1.79%;

- NWR Shares have been volatile in past few months with the minimum and maximum monthly VWAP price varying between 15.16 cents and 10.23 cents between January 2011 and November 2011;
- NWR complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of NWR; and
- In the absence of a takeover or other share offers, the trading share price represents the value in which minority shareholders could realise if they wanted to exit their investment.

Our assessment of the NWR’s equity value using the quoted listed price is set out below.

The quoted price of listed securities method is based on the Efficient Market Hypothesis (“EMH”) which states that the share price at any point in time reflects all publicly available information and will change “almost” instantaneously when new information becomes publicly available.

Set out below is a summary of the recent share market prices of NWR before the announcement of the Proposed Transaction.

VWAP	Low	High	VWAP
Prior to 30 Dec 2011			
5 day	0.110	0.130	0.126
10 day	0.110	0.140	0.121
1 month	0.100	0.160	0.128
2 month	0.090	0.160	0.125
3 month	0.090	0.160	0.123
6 months	0.090	0.160	0.111
9 months	0.090	0.160	0.117

Source: CapitalIQ and calculations

Based on the above table, we have assessed the market value of the Company between 11.0 cent and 12.0 cent on a minority basis. Our assessment is based on the VWAP observed over a longer period due to the following reasons:

- The share price of NWR increased by approximately 39% to 16 cents as at 7 December 2011 compared to previous trading day. NWR received a price query from the ASX in regards to the increased share price but was unable to provide an explanation; and
- We note that NWR had already announced its intention to acquire 35% interest in the Project in the Corporate Presentation document dated October 2011. Accordingly, the share price before the announcement of the Proposed Transaction may already incorporate investor’s expectations in relation to the Proposed Transaction for the acquisition of 35% interest in the Project.

Accordingly, for the purpose of our assessment we have put more emphasis on the VWAP 6 and 9 months to normalise the effects of a possible incorporation of control premium in recent months prior to the announcement date.

6.2.1 Control premium

Our assessed value of NWR Shares ranging from 13.0 cents to 15.5 cents per share determined using the market value of net assets is on a 100% basis and inclusive of a control premium.

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as:

- the ability to realise synergistic benefits;
- access to cash flows;
- access to tax benefits; and
- control of the board of directors of the company.

Evidence from studies indicates that premiums for control on successful takeovers have frequently been in the range of 20% to 40% in Australia and that the premiums vary significantly from transaction to transaction.

Based on the discussion in section 6.2, we note that our assessed value of NWR Share based on the market value of net assets approach implies a control premium of approximately 24%. In this regard we note that if the Proposed Transaction is implemented, Gloucester will only increase its shareholding in the Company from zero to 25.57%. In addition, the level of control of Non-Associated Shareholders in the underlying mineral assets is not expected to change materially as a result of the Proposed Transaction as Gloucester will give away its 35% direct interest in the Project for a 25.57% indirect interest in NJV Holdings through its equity interest in NWR.

7 Valuation assessment after the Proposed Transaction

Set out below is a summary of our valuation assessment of NWR after the Proposed Transaction on a minority basis:

NWR valuation after the Proposed Transaction	Section Reference	Low A\$'000	High A\$'000
Fair value of Blue Spec Shear and prospecting licences	7.1.1	18,437	21,765
Fair value of Camel Creek	7.1.2	1,640	1,640
Adjusted other assets and liabilities	7.1.3	3,857	3,857
Value of royalty payments	7.1.4	553	553
Less: Value of Performance Rights	6.1.5	(802)	(334)
Less: Value of Options	6.1.6	(170)	(170)
Less: Capitalised corporate overheads	7.1.5	(2,450)	(2,100)
Less: Costs of the Proposed Transaction	6.1.8	(116)	(116)
Add: Tax losses	6.1.9	3,250	3,250
NWR equity value (Control basis)		24,200	28,346
Number of NWR Shares on issue ('000)	7.1.6	175,970	175,970
Assessed value per NWR Share (A\$)(Control basis)		0.138	0.161
Minority discount	7.1.7	10.0%	10.0%
Assessed value per NWR Share (A\$)(Minority basis)		0.124	0.145

Source: Calculations

7.1.1 Blue Spec Shear and other prospecting licences

After the Proposed Transaction, NWR will own 100% of the Project. The following table summarises the value of Blue Spec Shear and other prospecting licences held by NWR after the Proposed Transaction:

Project	Ownership	Valuation (A\$'000)	
		Low	High
Blue Spec Shear	100%	17,077	19,815
Other Prospecting Licences	100%	1,360	1,950
Ravensgate assessed value		18,437	21,765

Source: Ravensgate report

7.1.2 Camel Creek

The assessed value of the Camel Creek attributable to NWR after the Proposed Transaction is summarised in the table below:

Camel Creek	A\$'000
Assessed value by Ravensgate based on MOY JV terms (100%)	3,280
NWR's interest in MOY JV	50%
	1,640
NWR's interest in Camel Creek after the Proposed Transaction	100%
Fair value of NWR's interest in Camel Creek	1,640

Source: Ravensgate report and calculations

7.1.3 Other assets and liabilities

For the purpose of this report, we have assessed the fair market value of the other assets and liabilities of NWR based on the unaudited balance sheet as at 31 December 2011. Our assessment of NWR's other assets and liabilities are set out below:

Other assets and liabilities	31-Dec-11
	A\$'000
Adjusted cash and cash equivalents	1,717
Trade and other receivables	187
Other current assets	40
Property, plant & equipment	1,296
Trade and other payables	(274)
Provisions	(84)
<i>Equalisation payment pursuant to MOY JV</i>	
Cash payable by MOY	250
Fair value of MOY Shares held by NWR	650
MOY reimbursement of NWR drilling program costs	76
Convertible notes	-
Total other assets and liabilities	3,857

Source: NWR management accounts

7.1.4 Value of Royalty Payments

After the Proposed Transaction, NWR will be entitled to 100% of the Royalty Payments received by NJVPL. We have calculated the net present value of the royalty payments based on a discount rate of 20%, which is based on NWR's cost of equity.

7.1.5 Capitalised corporate overheads

In our assessment of the corporate overheads after the Proposed Transaction we have considered that the Project is currently solely funded by NWR with an obligation to incur all costs before the BFS. Whilst the Company's ownership of the Project will increase from 65% to 100%, the increased costs attributed to investment activities following the Proposed Transaction is expected

to be minimal (if any). Furthermore, under the terms of the MOY JV, NWR will not be required to make any management fee payments to MOY for managing and operating the MOY JV. Accordingly, the capitalised overheads after the Proposed Transaction are not expected to be materially different compared to capitalised overheads before the Proposed Transaction.

7.1.6 Number of NWR Shares

The following table sets out the number of NWR Shares on issue after the Proposed Transaction:

NWR Shares on issue	NWR Shares '000
Total NWR Shares on issue before the Proposed Transaction	130,970
NWR Shares issued pursuant to the Proposed Transaction	45,000
NWR Shares on issue after the Proposed Transaction	175,970

Source: NWR

7.1.7 Minority discount

As the Proposed Transaction is considered control transaction in accordance with RG 111, we have compared our assessment of NWR on a control basis prior to the Proposed Transactions with our assessment of NWR on a minority basis following the implementation of the Proposed Transactions.

In our assessment of the minority discount, we have considered the following:

- If the Proposed Transaction is implemented, Gloucester will only increase its shareholding in the Company from zero to 25.57%,
- Under the terms of the agreement, Gloucester is not entitled to appoint any additional directors and Gloucester, in our view, will not increase its practical control over NWR;
- In our opinion, the level of control of Non-Associated Shareholders in the underlying mineral assets is not expected to change materially as a result of the Proposed Transaction as Gloucester will give away its 35% direct interest in the Project for a 25.57% indirect interest in NJV Holdings through its equity interest in NWR.

Based on the discussions set out above we have applied a minority discount of 10 % to our assessed value of NWR after the Proposed Transaction.

8 Sources of information, disclaimer and consents

8.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- ASX announcement regarding the Proposed Transaction;
- Annual reports of NWR for FY2010 and FY2011
- Interim report of NWR for half year ended on 31 December 2011;
- NWR website;
- Releases and announcements by NWR on ASX;
- Discussions with NWR Management;
- Thomson Reuters GFMS, *Gold Survey 2011*;
- U.S. Department of the Interior U.S. Geological Survey, *Mineral Commodity Summaries 2012*;
- Energy & Metals Consensus Forecast January 2012;
- Metalprices.com;
- Roskill;
- Capital IQ;
- IBISWorld, *Gold ore mining in Australia 31 August 2011*;
- Various broker reports;
- Independent Technical Report – Valuation of the Project prepared by Ravensgate; and
- Other publicly available information.

8.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to NWR and all other parties involved in the Proposed Transaction with reference to the ASIC Regulatory Guide 112 “Independence of expert” and APES 110 “Code of Ethics for Professional Accountants” issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to NWR, its shareholders and all other parties involved in the Proposed Transaction.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with NWR or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Transaction. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

8.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by NWR and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by NWR and other experts through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of NWR.

This report has been prepared to assist the Independent Directors of NWR in advising NWR Shareholders in relation to the Proposed Transaction. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.

NWR has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by NWR, which NWR knew or should have known to be false and/or reliance on information, which was material information NWR had in its possession and which NWR knew or should have known to be material and which NWR did not provide to Grant Thornton Corporate Finance. NWR will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

8.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting and Explanatory Memorandum to be sent to NWR Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Glossary

A\$	Australian dollar
Agreement	NWR and Gloucester Share Sale and Purchase Agreement
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Au	Gold
BFS	Bankable Feasibility Study
Binomial Model	Cox-Ross-Rubenstein Binomial Model
Camel Creek	Camel Creek Trend
Company	Northwest Resources Limited
Corporations Act	Corporations Act 2001
DCF	Discounted cash flow method
EL	Exploration License
ELA	Exploration License Application
EMH	Efficient Market Hypothesis
FSG	Financial Services Guide
FY20XX	Financial year ended 20XX
Gloucester	Gloucester Nominees Limited
Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Limited
HY20XX	Half financial year ended 20XX
Independent Directors	James Colquhoun and Peter Richard
km	Kilometres
MOY	Millennium Minerals Limited
MOY JV	NWR Joint Venture Agreement with MOY
NJV Holdings	Nullagine (JV) Holdings Ltd.
NJVPL	Nullagine (JV) Pty Ltd.
Non-associated Shareholders	NWR shareholders not associated with Gloucester
Nullagine JV	Joint venture agreement between NWR and Gloucester

NWR	Northwest Resources Limited
NWR Management	Management of NWR
NWR Shareholders	Shareholders of NWR
NWR Shares	Fully paid listed ordinary shares in NWR
Options	Unlisted options in NWR
oz	Ounces
Performance Rights	Unlisted performance rights issued to employees of the NWR
Plant	Carbon-in treatment plant located on Blue Spec Shear
Products	Commercially saleable ore from MOY JV
Project	Nullagine Gold and Antimony Project
Proposed Transaction	NWR's proposal to acquire 35% equity interest in the Project from Gloucester
Ravensgate	Ravensgate Minerals Consultants
RC	Reverse circulation drilling
RG 111	Regulatory Guide 111 "Content of expert reports"
RG 112	Regulatory Guide 112 "Independence of Expert's Reports"
RG 74	Regulatory Guide 74 "Acquisitions agreed to by shareholders"
Sb	Antimony
t	Tonnes
US\$	United States dollar

Appendix C – Ravensgate Report

Ravensgate



TECHNICAL PROJECT REVIEW

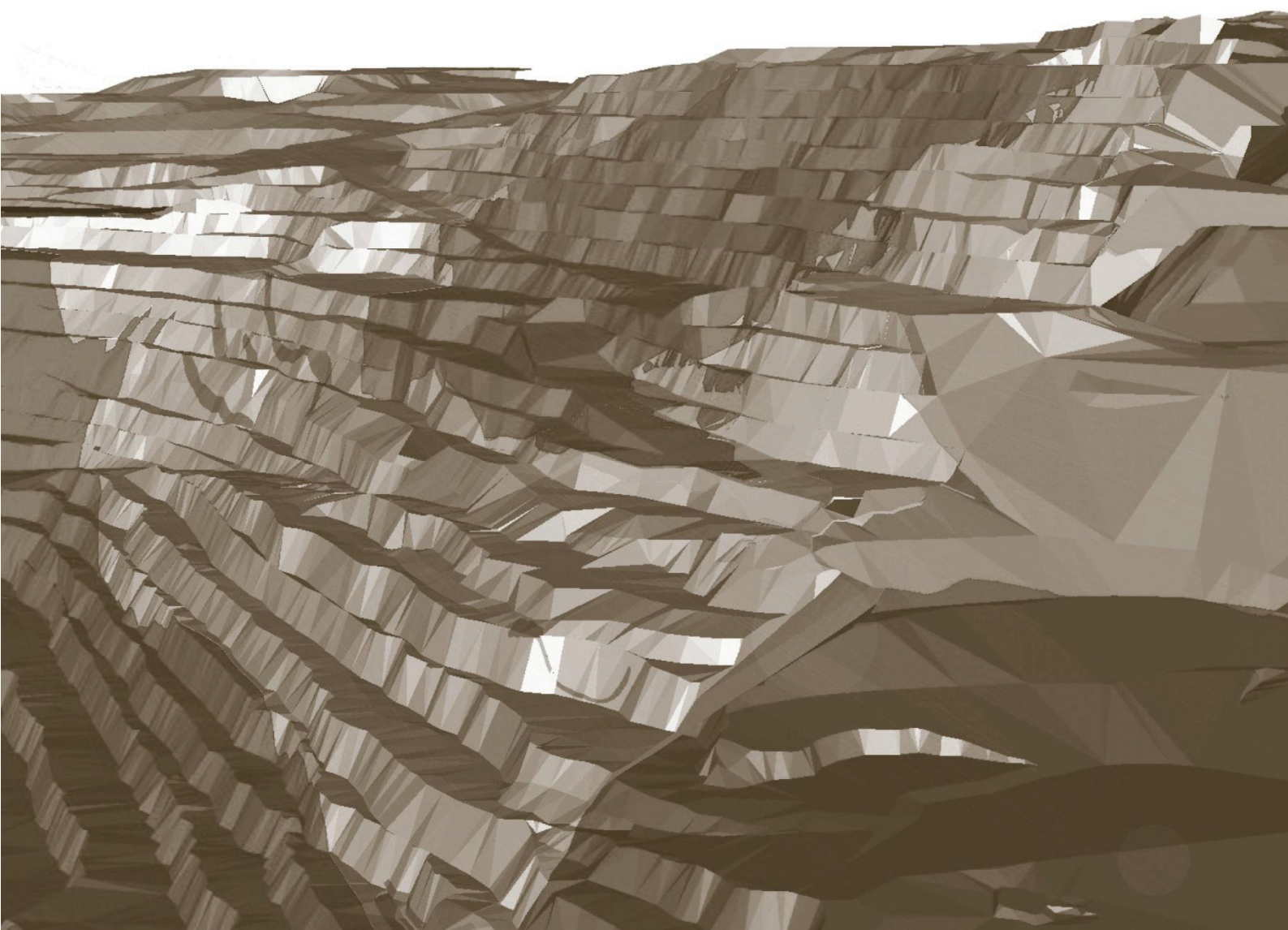
AND

INDEPENDENT VALUATION REPORT

NORTHWEST RESOURCES LIMITED NULLAGINE GOLD AND ANTIMONY PROJECT

for

**GRANT THORNTON CORPORATE FINANCE PTY LTD
INDEPENDENT DIRECTORS OF NORTHWEST RESOURCES LIMITED**





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TECHNICAL PROJECT REVIEW

AND

INDEPENDENT VALUATION REPORT

NORTHWEST RESOURCES LIMITED NULLAGINE GOLD AND ANTIMONY PROJECT

for

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INDEPENDENT DIRECTORS NORTHWEST RESOURCES LIMITED**

Ravensgate

19 April 2012



TECHNICAL PROJECT REVIEW and INDEPENDENT TECHNICAL VALUATION

Prepared by RAVENSGATE on behalf of:

Northwest Resources Limited and Grant Thornton Corporate Finance Pty Ltd

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1. EXECUTIVE SUMMARY

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by Northwest Resources Limited (Northwest) and Grant Thornton Corporate Finance Pty Ltd (Grant Thornton) to provide a Technical Project Review on Northwest's Nullagine Gold and Antimony Project Asset and an Independent Technical Valuation over this Project. This Technical Project Review and Independent Valuation Report was prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by Grant Thornton Corporate Finance Pty Ltd. The IER will be included in Northwest's notice of meeting and explanatory statement. Northwest's Nullagine Gold and Antimony Project (Project) is divided into tenements that are in a joint venture of which Northwest has a 65% interest and also tenements owned 100% by Northwest. The tenement applications in progress by Northwest have not been included in this valuation of the Mineral Assets managed by Northwest. The projects included in this report are listed below with the first project forming the majority of the Technical Project Review.

<u>Mineral Asset</u>	<u>Northwest Ownership %</u>
• Nullagine (Gold + Antimony), Western Australia	65%
• Nullagine (Gold + Antimony), Western Australia	100%

Northwest's Project is located in the north of the State of Western Australia, Australia. The Nullagine Project in Western Australia is the most advanced of the company's projects with previous Mineral Resource Estimates having been completed. Tenement details have been compiled for detailed review and are appended at the end of this report. Further exploration work remains to be carried out in order to help improve geological understanding, to generate or investigate exploration targets and to update Mineral Resources and associated ongoing economic studies (where defined and as further work progresses) within the various projects. Ravensgate's considered opinion is that the projects are of merit and worthy of further exploration.

The valuation presented in this report was completed on behalf of Northwest and Grant Thornton. The valuation has been completed with information provided by and with the full support of Northwest. The applicable valuation date is 19 April 2012. The Mineral Assets within Northwest's Project vary from Exploration Areas through to Pre-Development assets. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been defined for the Project. The Mineral Resource Estimates at various g/t Au lower cut-offs carried out by CSA Global Pty Ltd and Geostat Services Pty Limited for the Pre-Development Nullagine are reproduced below in Table 1 for the Blue Spec Shear and Table 2 for the Camel Creek Trend. Further discussion of resource estimation and other project details for the Project are described within the main body of this report. Competent Person statements are listed in Section 2.5.



Table 1 Nullagine Blue Spec Shear Summary Mineral Resource Estimates							
Blue Spec Mineral Resource							
Classification		Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)	Sb (%)	Contained Sb (t)
Upper Zone	Indicated	3.0	16,000	52.3	27,000	4.86	800
	Inferred	3.0	73,000	40.4	95,000	2.12	1,500
Lower Zone	Inferred	3.0	234,000	17.5	132,000	1.38	3,200
Golden Spec Mineral Resource							
Classification		Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)	Sb (%)	Contained Sb (t)
Indicated		0.5	109,000	4.9	17,300	0.54	590
Inferred		0.5	164,000	10.9	57,300	1.04	1,700
Red Spec Mineral Resource							
Classification		Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)	Sb (%)	Contained Sb (t)
Indicated		1.0	160,000	1.8	9,500	0.01	160
Inferred		1.0	130,000	2.0	8,400	0.01	130
Green Spec Mineral Resource							
Classification		Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)	Sb (%)	Contained Sb (t)
Indicated		0.5	73,000	3.6	8,000	1.1	800
Inferred		0.5	29,000	2.1	2,000	1.0	300

Notes: Differences may occur due to rounding errors

Table 2 Nullagine Camel Creek Trend Mineral Resource Estimates				
Roscoe's Reward Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)
Indicated	1.0	248,000	2.0	15,900
Inferred	1.0	52,000	2.5	4,100
Junction Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)
Indicated	1.0	36,000	3.1	3,500
Inferred	1.0	40,000	3.6	4,500
Round Hill Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)
Indicated	1.0	18,000	4.8	2,700
Inferred	1.0	44,000	4.0	5,300
Little Wonder Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)



Indicated	1.0	146,000	1.9	8,900
Inferred	1.0	17,000	1.6	1,100

Notes: Differences may occur due to rounding errors

Ravensgate carried out a site visit to the Nullagine Gold and Antimony Project in producing this report on the 27th October 2011. As part of the site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that on limited review, the site visit reasonably covered all significant areas for the purposes of this report. Ravensgate has concluded that the Nullagine Gold and Antimony Project is of technical merit and is worthy of conducting further review and exploration.

A summary of the Nullagine Gold and Antimony Project valuation in 100% terms is provided in Table 3. A summary of the Nullagine Gold and Antimony Project valuations in their respective ownership percentage terms is provided in Table 4 below. The applicable valuation report date is 19 April 2012 and is derived from an analysis of the resource bases in conjunction with the Multiples of Exploration Expenditure, Joint Venture Terms and Comparable Transactions valuation methods. The value attributed to the Camel Creek Trend took into account a recently announced 50:50 joint venture between Northwest and Millennium Minerals Limited. The value of Northwest's listed Projects is considered to lie in a range from \$13.41M to \$16.96M, within which Ravensgate has selected a preferred value of \$15.41M.

Table 3 Northwest - Project Technical Valuation Summary in 100% Terms for the Nullagine Project

Nullagine Project	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
Blue Spec Trend	Pre-Development Area	100%	\$17.06	\$19.81	\$18.43
Camel Creek Trend	Pre-Development Area	100%	\$1.46	\$3.28	\$3.08
Prospecting Licences	Exploration Area	100%	\$1.36	\$1.95	\$1.44
Combined Projects	All listed projects	100%	\$19.90	\$25.04	\$22.94

* The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

Table 4 Northwest - Project Technical Valuation Summary in 100% and Joint Venture Terms for the Nullagine Project

Nullagine Project	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
Blue Spec Trend	Pre-Development Area	65%	\$11.10	\$12.88	\$11.98
Camel Creek Trend	Pre-Development Area	65%	\$0.95	\$2.13	\$2.00
Prospecting Licences	Exploration Area	100%	\$1.36	\$1.95	\$1.44
Combined Projects	All listed projects	65 & 100%	\$13.41	\$16.96	\$15.41

* The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.



2. INTRODUCTION

2.1 Terms of Reference

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by Northwest Resources Limited (Northwest) and Grant Thornton Corporate Finance Pty Ltd (Grant Thornton) to provide a Technical Project Review and an Independent Technical Valuation over Northwest's exploration assets consisting of their Nullagine Gold and Antimony project.

The Technical Project Review and Independent Valuation Report was prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by Grant Thornton. The IER will be included in Northwest's notice of meeting and explanatory statement. Northwest's Nullagine Gold and Antimony Project (Project) is divided into tenements that are in a joint venture of which Northwest has a 65% interest and also tenements owned 100% by Northwest. Tenement applications currently in progress (i.e. pending) by Northwest have not been included in this valuation of Mineral Assets owned by Northwest. Ravensgate understands that all the project tenements in Australia are held in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

The objective of this report is to firstly provide a Technical Project Review of the Mineral Resource Estimates for Northwest's Project. The second objective of this report is to provide a VALMIN compliant valuation and technical assessment of the Project. The work has been commissioned by Northwest and Grant Thornton. The Report will be included in the IER and notice of meeting and explanatory statement and may be distributed to shareholders or investors in the form and context in which it appears within that report.

Ravensgate carried out a site visit to Nullagine in producing this report. The site visit was undertaken by Mr Sam Ulrich, Principal Consultant (Geologist) of Ravensgate on the 27th October 2011. Mr Ulrich was accompanied by Mr Charles Gillman, Senior Geologist for Northwest. As part of the site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, resource estimation, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that on limited review, the site visit reasonably covered all significant areas for the purposes of this report. Ravensgate has concluded that the Nullagine Gold and Antimony Project is of technical merit and is worthy of conducting further review and exploration.

This report does not provide a valuation of Northwest as a whole, nor does it make any comment on the fairness and reasonableness of any proposed transaction between any two companies. The conclusions expressed in this Technical Project Review and Independent Technical Valuation are valid as at the Valuation Date (19 April 2012). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Technical Project Review and Independent Technical Valuation report has been compiled based on information available up to and including the date of this report.



2.2 Qualifications, Experience and Independence

Ravensgate was established in 1997 and specialises in resource modelling and resource estimation services. The company has worked for major clients globally, including Freeport at Grasberg Mine, Ok Tedi Gold Mine in Papua New Guinea, Goldfields in Ghana, BHP in Western Australia and many junior resource companies which are ASX (Australian Stock Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed companies. Ravensgate has focused upon providing resource estimations, valuations, and independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian, United States and United Kingdom listed companies.

Author: Stephen Hyland, Principal Consultant and Director. BSc Geology, FAusIMM, CIMM, GAA, MAICD.

Stephen Hyland has had extensive experience of over 25 years in exploration geology and resource modelling and has worked extensively within Australia as well as offshore in Africa, Eastern and Western Europe, Central and South East Asia, modelling base metals, gold, precious metals and industrial minerals. Stephen's extensive resource modelling experience commenced whilst working with Eagle Mining Corporation NL in the diverse and complex Yandal Gold Province where for three and half years he was their Principal Resource Geologist. The majority of his time there was spent developing the historically successful Nimary Mine. He also assisted the regional exploration group with preliminary resource assessment of Eagle's numerous exploration and mining leases. Since 1997, Stephen has been a full time consultant with the minerals industry consulting firm Ravensgate where he is responsible for all geological modelling and reviews, mineral deposit evaluation, computational modelling, resource estimation, resource reporting for ASX / JORC and other regulatory compliance areas. Primarily, Stephen specialises in Geological and Resource Block Modelling generally with the widely used MEDSystem / MineSight® 3D mine-evaluation and design software. Stephen Hyland holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

Co-author: Sam Ulrich, Principal Consultant. BSc (Hons) Geology, GDAppFin, MAusIMM, FFin.

Sam Ulrich is a geologist with over 15 years experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia, Indonesia, Laos and China primarily in gold, base metals and uranium. Prior to joining Ravensgate Sam worked for Manhattan Corporation Ltd a uranium exploration and resource development company in a senior management position. Mr Ulrich holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia.

Peer Reviewer: Jason McNamara, Principal Consultant - Resources. BSc Geology, MAusIMM.

Jason McNamara is an Associate of Ravensgate. As a Principal Consultant he carries out work for Mineral Resource estimations, Independent Technical Valuations, Independent Geologist Report's and Formal Technical Project reviews over a range of commodities. He has a broad skill base with over 18 years international mining industry experience in operational project exploration, resource estimation, grade control and senior management roles. Jason has worked for both junior and larger ASX listed companies, encompassing open-cut operations and evaluations in Africa, Europe and Australasia. Competent Person sign-off was undertaken for MMG's Sepon Gold and Copper Resources in Laos. Jason McNamara holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia.

2.3 Disclaimer

The Authors of this report, are not, nor intend to be, a director, officer or other direct employee of Northwest, and have no material interest in the projects of Northwest. Ravensgate



holds nil interest or shareholdings in Northwest. The relationship with Northwest and Grant Thornton Corporate Finance Pty Ltd is solely one of professional association between client and independent consultant. Ravensgate's professional fees are based on time charges for work actually carried out, and are not contingent on any prior understanding concerning the conclusions to be reached. Fees arising from the preparation of this report are charged at Ravensgate's standard rates and are in the order of \$20,000 to \$30,000. Neither Ravensgate nor any of its employees or associates is an insider, associate or affiliate of Northwest or any associated company. The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report. This Report has been compiled based on information available up to and including the date of this Report.

2.4 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by Northwest Resources Limited (Northwest) and their partners or consultants, publically available information such as ASX releases, government reports and discussions with Northwest's technical and corporate management personnel. With the consent of Northwest, other general report contents describing the regional geology, historical exploration and current exploration has been reproduced verbatim from a number of Northwest internal and publically available reports. A listing of the principal sources of information is included in the references attached to this report. All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Northwest, along with a request to identify any material errors or omissions prior to final submission.

2.5 Competent Person Statements

The information in this report that relates to the Mineral Resources as described in Section 3.7.1 has been reviewed by the nominated competent persons, Mr Wawan Hermawan, Mr David Williams and Mrs Fluer Muller respectively. Below are the competent persons statements.

The information in this report relating to Golden Spec (Section 3.7.1.2) has been estimated and compiled by Mr Wawan Hermawan (MAusIMM) of CSA Global Pty Ltd who has sufficient experience which is relevant to the style of mineralisation an 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 'Australian 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.

The information in this report relating to Red Spec (Section 3.7.1.3) has been estimated and compiled by Mr David Williams (MAusIMM) of CSA Global Pty Ltd who has sufficient experience which is relevant to the style of mineralisation an 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 'Australian 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.

The information in this report relating to Blue Spec (Section 3.7.1.1), Green Spec (Section 3.7.1.4), Roscoe's Reward (Section 3.7.1.5), Junction (Section 3.7.1.6), Round Hill (Section 3.7.1.7) and Little Wonder (Section 3.7.1.8) has been estimated and compiled by Mrs Fluer 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 'Australian 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.



2.6 Background Information

The project discussed in this report is located in northern Western Australia, Australia. A locality map of the Nullagine Gold and Antimony Project is presented in Figure 1 below. A summary of the tenement details is listed in Table 20 at the end of this report. Report file references and a glossary of terms are also included at the end of this report. Ravensgate understands that all the project tenements in Western Australia are held in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so. Geological understanding, exploration history and mineralisation potential are further discussed for each project in subsequent sections. The Technical Project Review for the Nullagine Gold and Antimony Project are outlined in Section 3. The Independent Valuation of the Northwest's projects is outlined in Section 4 onwards.

Figure 1 *Locality Map of the Nullagine Gold and Antimony Project*





3. NULLAGINE GOLD AND ANTIMONY PROJECT, WESTERN AUSTRALIA

3.1 Introduction and Location

The Project is located 215km by road north of Newman and 22km east of Nullagine in the East Pilbara region of Western Australia, located at 120.27° East and 21.82° South.

The project area encompasses over 18 kilometres of strike of the Blue Spec and Camel Creek-Middle Creek shear zones.

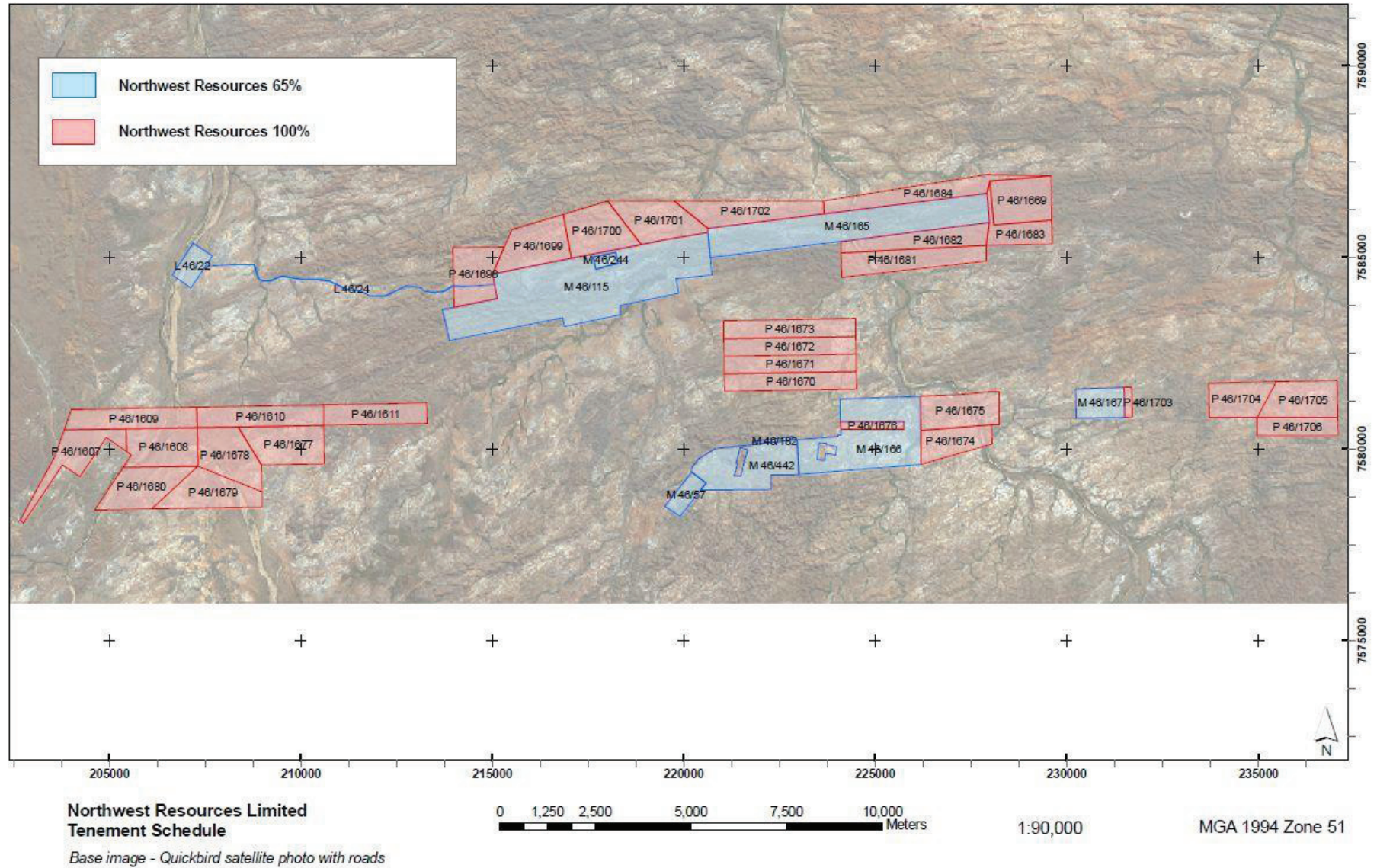
3.2 Tenure and Physiography

The Nullagine project is comprised of eight granted mining licences and thirty granted prospecting licences (Figure 2) covering approximately 72.21km², tenement details can be found in Table 20.

The tenements are accessed via the unsealed Skull Springs Road 22km East from the town of Nullagine. The topography ranges from relatively flat floodplains to gently rolling hills, to very steep rugged terrain, with east-west orientated ridges separated by wide floodplains. The vegetation is predominantly moderate to thick spinifex grass cover on plains and hills, with small trees along watercourses, and large trees along deeply incised valleys in rugged terrain.



Figure 2 Northwest Resources Limited Tenement Location Plan - Nullagine Gold and Antimony Project





3.3 Geology and Mineralisation

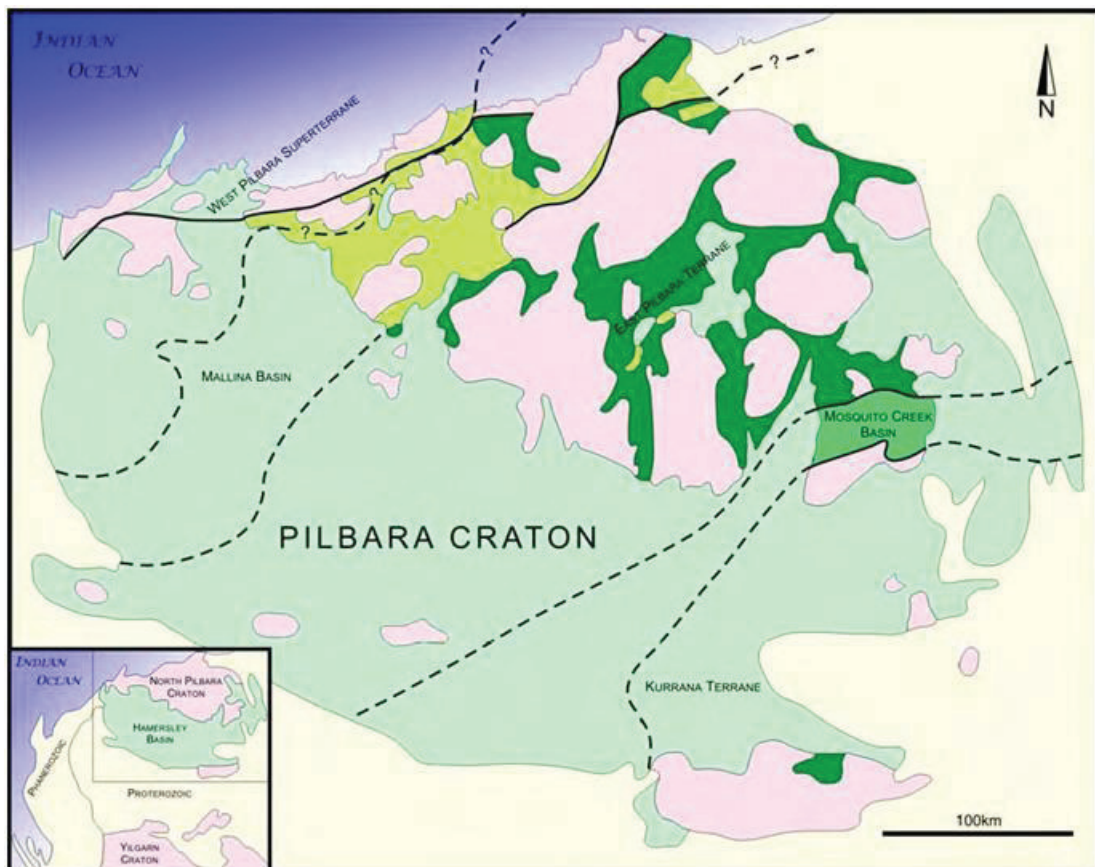
The Nullagine Project lies within the Mosquito Creek Formation, a thick sequence of siliciclastic metasediments comprising dominantly quartz rich arenites and shales that have undergone multiple periods of deformation (Figure 3). Located within an extensive rhombic shaped basin in the southeastern extent of the Pilbara granite-greenstone terrain, the Mosquito Creek Formation is interpreted to be late Archean in age.

The stratigraphy within the basin generally trends east northeast, with both northwest-southeast and north-south trending regional fault orientations. Intrusive dykes comprised of dolerite and hornblende bearing tonalities are also observed within the basin, of which gabbroic sills are a prominent feature along the northern and southern margins of the basin.

High grade gold mineralisation in the basin is hosted along the Blue Spec Shear. The Shear is a major east-west fault structure which has undergone multiple periods of reactivation. Mineralisation is associated with quartz-carbonate-pyrite veining and stibnite. The primary shear vein-hosted mineralisation usually forms in steeply plunging lenticular shoots that display strong plunge continuity.

The gold mineralisation along the Camel Creek-Middle Creek Shear is characterised by medium grades (2-5g/t Au) near surface and hosted by fault controlled stockwork and sheeted vein systems. Gold mineralisation is associated with strong sericite-carbonate-pyrite alteration.

Figure 3 Regional Geology of the Pilbara Area





3.4 Historical Mining

Gold was first discovered at Nullagine in 1888. Historically mining has occurred within Northwest's tenure at the Blue Spec Mine and the Golden Spec Mine, which are both located on the Blue Spec Shear.

The Blue Spec mineralisation was discovered in 1906. Early mining to a depth of 180m was undertaken by following the vein system one level at a time. Stope developments were poorly designed for the style of ore body and the drives often ended in ore grade material. The mine suffered from disjointed ownership and inadequate capital until Australian Anglo American Limited acquired the mine in 1974, defining an ore reserve from the 180m to 320m vertical level. They developed a new shaft and decline and mined down to the 320m vertical level between 1976 and 1978.

The Golden Spec deposit lies 950m west of Blue Spec and was discovered in 1982. It was mined by a consortium including Chase Minerals and Minproc in the late 1980's to a depth of 120m. The mine was closed when Chase Minerals went into receivership. Fimiston Mining Ltd acquired Golden Spec in 1991 and undertook mining on the deeper levels between June 1992 and September 1993. Gold production from the Golden Spec deposit suffered from the same factors, which affected the Blue Spec deposit, in particular, poor upper level development and inadequate capitalisation under previous owners.

3.5 Exploration History

The recording of the modern exploration history of the Nullagine Gold and Antimony Project area has been quite poor outside the actual mining activities that occurred at the Blue Spec and Golden Spec mines.

In the 1970s and early 1980s a number of diamond holes were drilled from surface targeting depth extensions below the 180m depth of the Blue Spec mine and a series of trenches were completed along the Blue Spec Shear between the Golden Spec mine and Blue Spec mine. The main focus of exploration drilling was underground diamond drilling at the Blue Spec mine.

In the 1980s and early 1990s exploration comprised of soil and rock chip geochemistry along the Blue Spec Shear from Golden Spec to Green Spec was undertaken. Detailed geological mapping was completed from Golden Spec to Blue Spec. Details of any drilling during this time are unknown. The focus during this time was mainly mining and processing ore from the Golden Spec mine.

During the 1990s to 2005 prior to Northwest becoming the operator of the project the area was held by private owners, who undertook sporadic Reverse Circulation (RC) drilling at Blue Spec East (Red Spec), Blue Spec and Golden Spec. RC drilling was also undertaken along the mineralised trend of the Camel Creek Shear, which included the Junction, Roscoe's Reward, Little Wonder and Round Hill prospects. A ground electromagnetic survey was also completed between Golden Spec and Blue Spec.

3.6 Current Exploration 2005 - 2011 2005

Northwest conducted an aggressive exploration program during 2005, involving structural mapping, soil (1,141 samples) and rock chip (63 samples) sampling, scout and infill RC drilling totalling 625 holes for 34,965m, and deep diamond drilling totalling 8 holes for 2,092m. They acquired Advanced Spaceborne Thermal Emission and Reflection Radiometer (ASTER) imagery to aid in regional targeting by identifying alteration zones. Northwest also undertook Portable Infra-Red Mineral Analyser (PIMA) analyses on 5,100 RC drill chip samples to aid in understanding the weathering and alteration minerals associated with the mineralisation to build a geochemical and lithochemical vectoring model for the Blue Spec Shear and Camel Creek Shear prospects.



2006

During 2006 Northwest continued with its RC and diamond drilling completing 208 RC holes for 27,035m and 22 diamond holes for 5,065m. Drilling was concentrated on targeting deep high grade gold and antimony mineralisation at the Blue Spec, Golden Spec and Green Spec prospects. A small number of the drill holes were completed targeting shallow moderate grade gold mineralisation on the Camel Creek Shear. A soil sampling program comprising of 8,485 samples was completed along the regional shears and infilled where anomalous areas were identified. This was complemented with 433 rock chip samples. Additional PIMA measurements were taken to continue to build their geochemical and lithochemical vectoring model. A HYMAP (airborne hyperspectral remote sensing) survey was completed over the project area to aid in the identification of hydrothermal alteration minerals at surface. Surface geological mapping was undertaken along the Blue Spec Shear and the Camel Creek Shear at 1:2,500 scale. A number of resource estimates were completed for the Green Spec, Junction, Roscoe's Reward, Round Hill and Little Wonder prospects, which are detailed in Sections 3.7.1.4 to 3.7.1.8.

2007

The soil sampling program started in 2006 was continued in 2007 with of 5,399 samples being collected along the Blue Spec and Camel Creek shears and infilled where anomalous areas where identified. This was complemented with 446 rock chip samples. An additional 1,953 PIMA samples were taken to continue to build Northwest's geochemical and lithochemical vectoring model. Surface geological mapping was undertaken in greater detail along the Blue Spec Shear and the Camel Creek Shear at 1:1,000 scale. A total of 95 RC drill holes for 11,270m and 20 diamond holes for 12,058m were completed during the year. RC and diamond infill and extensional drilling was completed at the Blue Spec and Blue Spec East prospects. Scout RC and some infill RC drilling was completed at the Apex, Massasauga, Blue Spec East and Blue Spec West prospects. RC drilling was also completed at the Mustang prospect on the Camel Creek Shear targeting shallow, moderate grade gold mineralisation.

2008

Exploration activities in 2008 were limited to 10 diamond drill holes for 3,200m, which targeted infill positions at the Blue Spec deposit. An updated Mineral Resource Estimate was completed on the Blue Spec deposit details of which can be found in Section 3.7.1.1.

2009

During the year Northwest completed a small RC drilling program consisting of 19 RC drill holes along the Camel Creek Shear targeting the Mustang, Corsair and Federation prospects, which were identified through structural mapping, geochemical sampling and the HYMAP survey. An additional 6 RC holes were completed at the more regional Red Dragon prospect interpreted to be on the western extension of the Blue Spec Shear. A limited grab sampling program was conducted across the historical tailings storage facility and material from a historic pilot plant.

2010

Northwest completed 189 RC drill holes for 7,253m in 2010, with the drilling targeting three main zones:

- Shallow mineralisation located along a combined strike length of 4km of the high grade Blue Spec Shear;
- Strike extensions at depth of known resources at Blue Spec, Golden Spec and Green Spec; and
- First pass drilling along newly identified extension structures at Little Wonder on the Came Creek Shear.



2011 and 2012

A total of 36 RC drill holes were completed in the early part of 2011 for 3,200m targeting the Golden Spec, Federation and Little Wonder prospects. An updated mineral resource estimate for Golden Spec and a maiden mineral resource estimate for Red Spec were completed by CSA Global Pty Ltd, which are detailed in Sections 3.7.1.2 and 3.7.1.3 respectively. In the latter part of 2011 and early 2012 Northwest completed 101 RC drill holes for 5,340m as an infill and step out program at Junction, Roscoes Reward and Little Wonder. They also completed 29 diamond drill holes for 2,713m primarily at Blue Spec and Golden Spec for a detailed metallurgical test work program.

3.7 Project Potential and Mineral Resource Estimate

Note: Competent Person statements for the Mineral Resource estimates are listed in Section 2.5.

3.7.1 Nullagine Resource Estimates

A number of Mineral Resource Estimates have been completed at the Nullagine Project in recent years most recently CSA Global Pty Ltd (CSA) or Northwest in association with Geostat Services Pty Limited (Geostat). Details of these resources can be found in Section 3.7.1.1 through to Section 3.7.1.8. All Mineral Resources have been estimated in accordance with the JORC Code 2004.

3.7.1.1 Blue Spec Shear, Blue Spec Mineral Resource

In 2008 an updated Indicated and Inferred Mineral Resource Estimate for the Blue Spec deposit (Table 5) was completed by Northwest and external resource consultants it was independently reviewed and audited by Geostat and has been reported in accordance with the JORC Code 2004.

Classification		Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)	Sb(%)	Contained Sb(t)
Upper Zone	Indicated	3.0	16,000	52.3	27,000	4.86	800
	Inferred	3.0	73,000	40.4	95,000	2.12	1,500
Lower Zone	Inferred	3.0	234,000	17.5	132,000	1.38	3,200

Notes: Differences may occur due to rounding errors

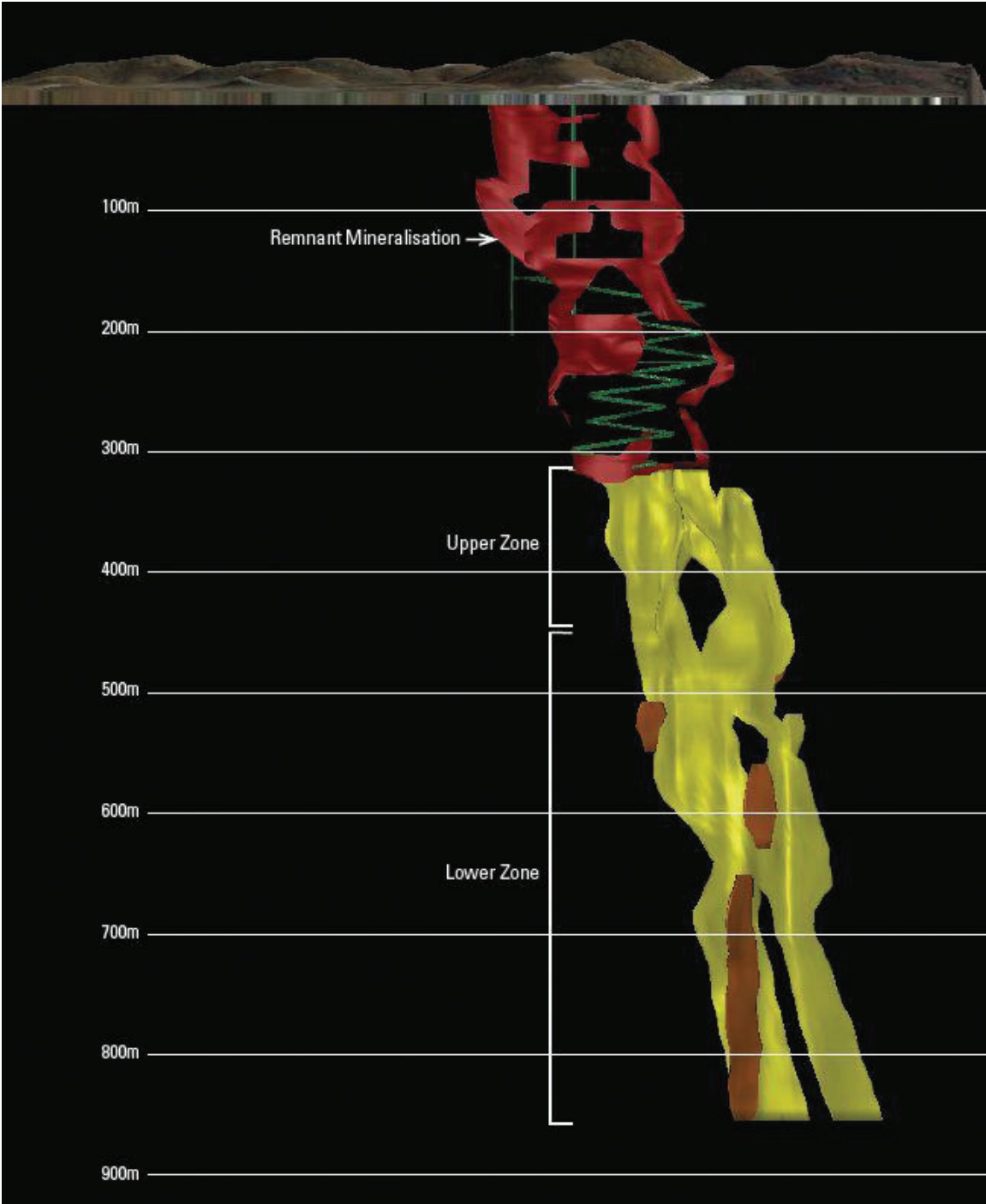
The Blue Spec resource has been divided into two zones the Upper Zone and Lower Zone based on contained metal and drilling density (Figure 4). The Upper Zone (320-440m vertical depth extent) is immediately below the existing underground workings and is directly accessible via the existing underground decline. The Lower Zone (440-850m vertical depth extent) is based on lower drill density than the Upper Zone.

Gold and antimony mineralisation is hosted in a semi-continuous, sub-vertical quartz reef that averages approximately 1 to 3m in width over a combined strike length exceeding 100m within the Blue Spec Shear Zone. Higher grade mineralisation is associated with quartz-carbonate-pyrite veining and massive stibnite.

The resource model was estimated by Ordinary Kriging (OK) interpolation method using a 3g/t Au lower cut-off grade. Statistical analysis indicated that two separate top-cuts were appropriate for channel (275g/t Au and 25% Sb) and drill hole (100g/t Au and 6.5% Sb) samples. All grade shell models were constructed by Northwest and constrained to a geological model of the deposit. A bulk density of 2.75g/cm³ was applied to the entire resource model.



Figure 4 Blue Spec Mineral Resource Schematic





3.7.1.2 Blue Spec Shear, Golden Spec Mineral Resource

In 2011 CSA completed an updated Indicated and Inferred Mineral Resource estimate for the Golden Spec deposit (Table 6), which has been reported in accordance with the JORC Code 2004.

Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)	Sb(%)	Contained Sb(t)
Indicated	0.5	109,000	4.9	17,300	0.54	590
Inferred	0.5	164,000	10.9	57,300	1.04	1,700

Notes: Differences may occur due to rounding errors

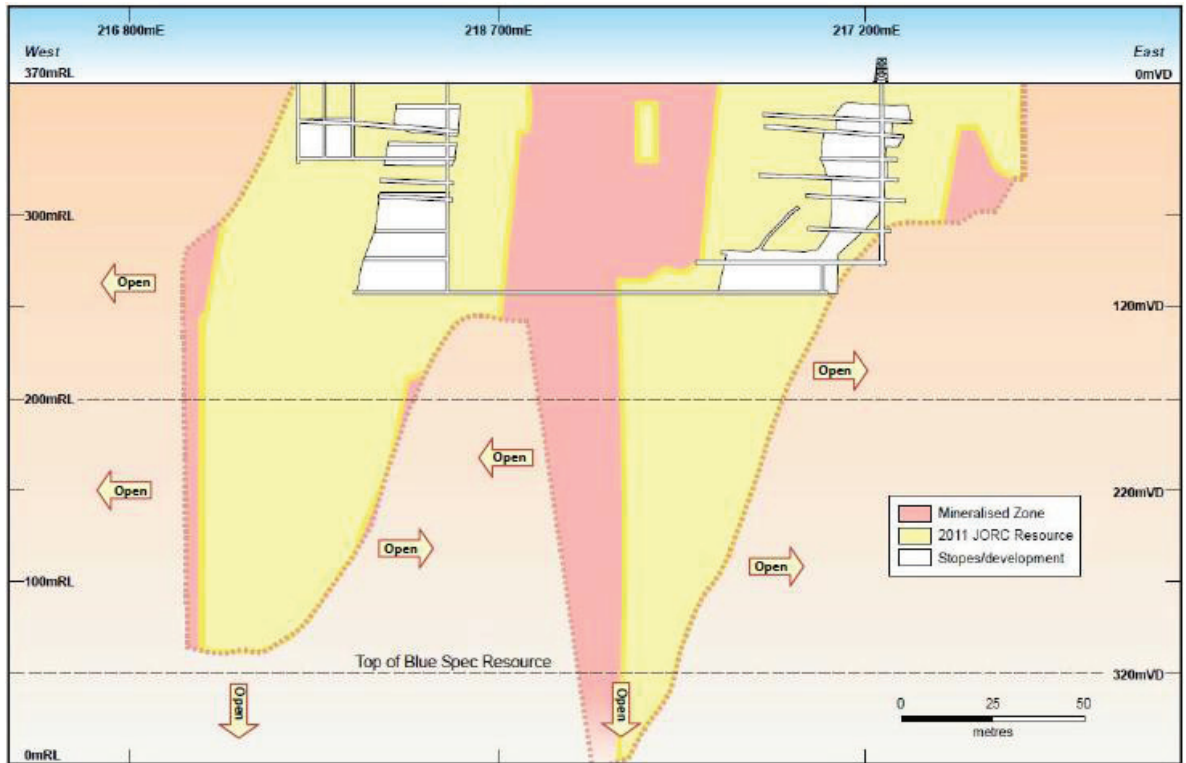
The Golden Spec deposit consists of 2 steeply dipping lodes (East and West) within an east-west shear zone. The lodes have high Au and Sb grades with low gold grades in the surrounding shear zone. The shear zone is approximately 4m wide, with the lodes being narrower at approximately 2m wide. Top cuts of 16g/t and 50g/t Au were applied to the West lode and East lode respectively.

The CSA Mineral Resource estimate is based upon a nominal 0.5g/t grade envelope that follows a geological interpretation jointly completed by CSA and Northwest. A parent cell size of 10m(X) x 2m(Y) x 20m (Z) was chosen to represent the drill holes distribution. The gold sample grades were estimated using Ordinary Kriging (OK) interpolation method. A bulk density of 2.80t/m³ was assigned for all material. This value is based on 40 measurements taken during 2006 drilling program. The CSA Mineral Resource estimate was based upon 20 diamond drill holes and 122 RC holes totalling 13,360m and includes the 52 holes that were drilled prior to 2010.

A long section showing the 2011 Mineral Resource Estimate is shown in Figure 5.



Figure 5 Golden Spec Schematic Long Section



3.7.1.3 Blue Spec Shear, Red Spec Mineral Resource

In 2011 CSA completed a maiden Indicated and Inferred Mineral Resource estimate for the Red Spec deposit (Table 7), which has been reported in accordance with the JORC Code 2004.

Table 7 Red Spec Mineral Resource

Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)	Sb(%)	Contained Sb(t)
Indicated	1.0	160,000	1.8	9,500	0.01	160
Inferred	1.0	130,000	2.0	8,400	0.01	130

Notes: Differences may occur due to rounding errors

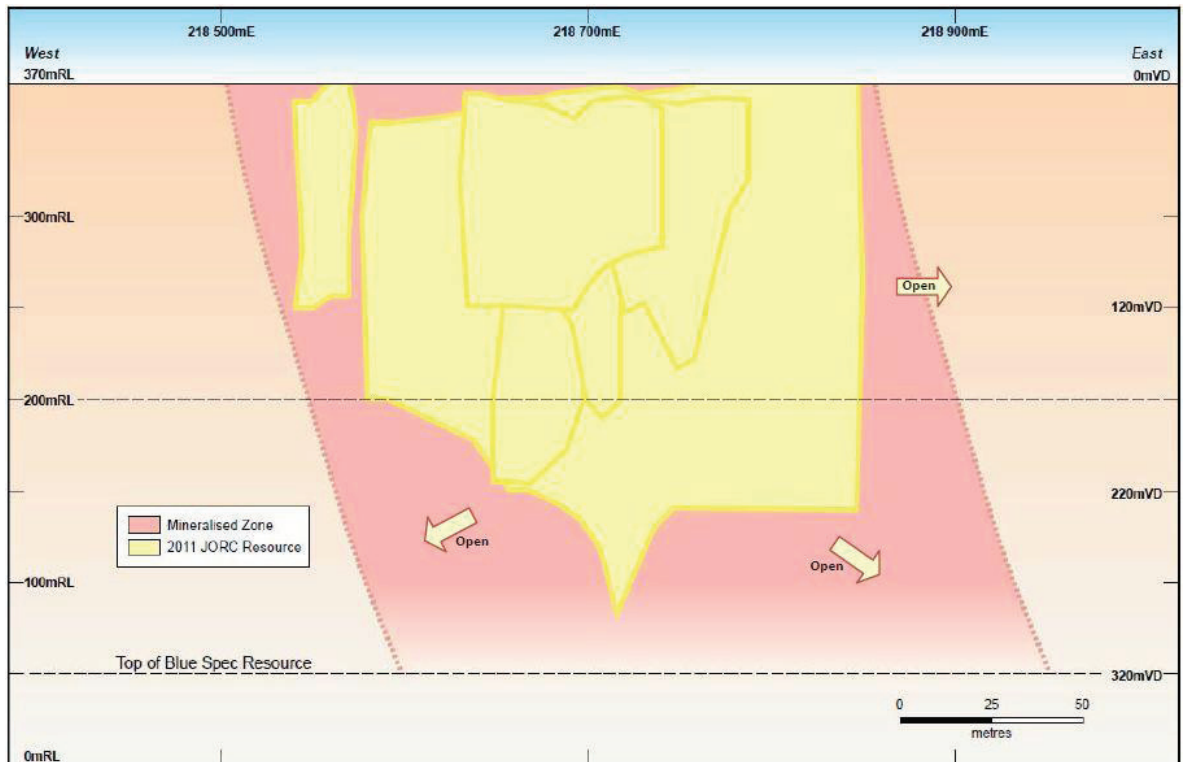
The mineralisation at Red Spec is controlled by a sub-vertical brittle, 2 to 3m wide ductile shear zone with lateral displacement and secondary tensile splay structures.

A geological wireframe was jointly constructed by CSA 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 used in conjunction with an interpolated Ordinary Kriged (OK) block 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/cm³ was assigned to fresh rock, and 2.2 g/cm³ assigned to the weathered zone.

A schematic long section showing the 2011 Mineral Resource Estimate is shown in Figure 6.



Figure 6 Red Spec Schematic Long Section



3.7.1.4 Blue Spec Shear, Green Spec Mineral Resource

In 2006 Northwest and Geostat completed a Mineral Resource Estimate at the Green Spec deposit (Table 8), which has been reported in accordance with the JORC Code 2004.

The Green Spec deposit is comprised of two closely spaced and related ore trends that display differing geometric and metallogenic characteristics. The South lode is characterised by high-grade gold (~5g/t) +/- antimony and is contained within a cigar shaped plunging shoot. The North lode is lenticular in nature and splays off the South lode. The North lode contains significant antimony and low grade gold (~1-2g/t) and displays obvious 'buckling' in the morphology of the ore envelope lens. Both lodes dip steeply toward the north.

Gold and antimony mineralisation is associated with zones of high frequency quartz-carbonate veining that average approximately 4m in width over a combined strike length exceeding 100m. Wider zones of mineralisation of up to 6m true width lie at the intersection point of the two lodes. The overall relationship of the two lodes at Green Spec is very similar to the orebody style evident at the Blue Spec deposit.

The resource model was estimated by Ordinary Kriging (OK) interpolation method and using a 1g/t Au lower cut-off grade delineation envelope. Statistical analysis suggested that a 25g/t Au and 3% Sb top cut was appropriate for the North lode, while a top cut of 6.8% Sb and uncut for Au was applied to the South lode. All grade shell models were constructed by Northwest and constrained to a geological model of the deposit. Varying bulk densities were applied depending on whether the material was totally oxidised, partially oxidised or fresh rock as coded to the resource block model.



Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)	Sb(%)	Contained Sb(t)
Indicated	0.5	73,000	3.6	8,000	1.1	800
Inferred	0.5	29,000	2.1	2,000	1.0	300

Notes: Differences may occur due to rounding errors

3.7.1.5 Camel Creek Trend, Roscoe's Reward Mineral Resource

In 2006 Northwest and Geostat completed a Mineral Resource Estimate at the Roscoe's Reward deposit (Table 9), which has been reported in accordance with the JORC Code 2004.

The Roscoe's Reward deposit consists of a series of zones along a 1km strike. Shallow ore-grade mineralisation over a strike extent of 1km is contained in eastern, central and western zones, each of which dips moderately towards the south and southwest with varying plunge controls. True thickness of ore grade mineralisation varies between 3 to 14m (average 6m) and the extents of the main resource have now been defined to a vertical depth of 50m.

The resource model was estimated by Ordinary Kriging (OK) interpolation method using a nominal 1g/t Au lower cut-off grade. No top cut was applied to the assay population as it was deemed unnecessary. All grade shell models were constructed by Northwest and constrained to a geological model of the deposit. Varying bulk densities were applied dependent on whether the material was totally oxidised, partially oxidised or fresh rock in the resource block model.

Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)
Indicated	1.0	248,000	2.0	15,900
Inferred	1.0	52,000	2.5	4,100

Notes: Differences may occur due to rounding errors

3.7.1.6 Camel Creek Trend, Junction Mineral Resource

In 2006 Northwest and Geostat completed a Mineral Resource Estimate at the Junction deposit (Table 10), which has been reported in accordance with the JORC Code 2004.

Mineralisation at the deposit is defined by two parallel, steeply south dipping lodes. Drilling indicates true widths on both lodes vary between 3 to 8m and lodes display a steep easterly plunge control. Higher grade mineralisation is associated with high quartz-carbonate vein frequency and a fresh alteration assemblage comprising silica-sericite-pyrite.

The resource model was estimated by Ordinary Kriging (OK) interpolation method using a 1g/t Au lower cut-off grade and a 20g/t Au top cut. All grade shell models were constructed by Northwest and constrained to a geological model of the deposit. Varying bulk densities were applied dependent on whether the material was totally oxidised, partially oxidised or fresh rock in the resource model.

Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)
Indicated	1.0	36,000	3.1	3,500
Inferred	1.0	40,000	3.6	4,500

Notes: Differences may occur due to rounding errors



3.7.1.7 Camel Creek Trend, Round Hill Mineral Resource

In 2006 Northwest and Geostat completed a Mineral Resource Estimate at the Round Hill deposit (Table 11), which has been reported in accordance with the JORC Code 2004.

Mineralisation at Round Hill is dominantly controlled by a northeast-trending fault zone, cross-cut by a series of northwest-trending fault sets. The two high-grade shoots; the southern and northern, have a strike extent of 50m and 90m, respectively. Both shoots have true widths varying from 2-6m and down-dip extents varying from 15-35m. Wider zones within the ore body morphology are interpreted to be related to vein swarming around fault intersection locations. Mineralisation within the host sedimentary sequence is associated with high vein frequency and moderate silica-hematite-chlorite alteration.

The resource model was estimated by Ordinary Kriging (OK) interpolation method using a 1g/t Au lower cut-off grade. Statistical analysis indicated that a 20g/t Au top cut was appropriate for the northeast trending domain, while a top cut of 15g/t Au was best for the northwest trending domain. All grade shell models were constructed by Northwest and constrained to a geological model of the deposit. Varying bulk densities were again applied dependent on whether the material was totally oxidised, partially oxidised or fresh rock in the resource model.

Table 11 Round Hill Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)
Indicated	1.0	18,000	4.8	2,700
Inferred	1.0	44,000	4.0	5,300

Notes: Differences may occur due to rounding errors

3.7.1.8 Camel Creek Trend, Little Wonder Mineral Resource

In 2006 Northwest and Geostat completed a Mineral Resource Estimate at the Little Wonder deposit (Table 12), which has been reported in accordance with the JORC Code 2004.

The Little Wonder deposit is split into the Little Wonder West and Little Wonder East areas. Gold mineralisation at Little Wonder West is shear hosted within a thick package of metasediments comprised of an alternating sequence of shales and lithic arenites. Two closely spaced lodes which merge with depth have been identified at Little Wonder West. Gold mineralisation at Little Wonder East is also shear hosted within a thick package of metasediments comprised of an alternating sequence of shales and lithic arenites. Little Wonder East grade is discontinuous and has mineralised pods of approximately 50-100m length occurring over a strike length of 250m.

The resource model was estimated by Ordinary Kriging (OK) interpolation method using a 1g/t Au lower cut-off grade. Statistical analysis indicated that a 10g/t Au top cut was appropriate for Little Wonder West, while a top cut of 18g/t Au was best for Little Wonder East. All grade shell models were constructed by Northwest and constrained to a geological model of the deposit. Varying bulk densities were applied dependent on whether the material was designated as totally oxidised, partially oxidised or fresh rock in the resource model.

Table 12 Little Wonder Mineral Resource				
Classification	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Contained Au (Oz)
Indicated	1.0	146,000	1.9	8,900
Inferred	1.0	17,000	1.6	1,100

Notes: Differences may occur due to rounding errors



3.7.2 Nullagine Project Potential

Northwest controls approximately 16km of the Blue Spec Shear, which is still to be fully explored with potential to discover further high grade shoots and near surface deposits along the largely unexplored eastern extent of the shear. The Blue Spec deposit is still open at depth and there is the potential for remnant mineralisation identified within four underground pillars and also within the historical underground area generally. This remnant mineralisation is not included in the current Blue Spec Mineral Resource Estimate. The Golden Spec deposit is also open at depth and the strike extent of the East and West lodes has not been fully determined. At present the area between the Blue Spec and Golden Spec deposits has been relatively under explored with only shallow drilling. The Red Spec and Green Spec deposits are both open at depth.

There is potential along the strike of the Camel Creek Trend for the discovery of further gold mineralisation. Northwest controls approximately 13km of the Camel Creek Trend, which has not been fully explored as yet. Numerous targets along this trend have been identified outside the resource areas by Northwest's HYMAP survey. Where resources have been defined at Junction, Roscoe's Reward, Round Hill and Little Wonder, the mineralisation is still open at depth as all deposits have only been shallowly drilled at this stage.



4. VALUATION

4.1 Introduction

There are a number of recognised methods used in valuing “mineral assets”. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

The VALMIN Code, which is binding upon “Experts” and “Specialists” involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A JORC compliant Mineral Resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified Mineral Resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas, and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure (“MEE”) method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (“EB”) through application of a Prospectivity Enhancement Multiplier (“PEM”). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a “grass roots” project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.
- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.



- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably “arms length” in accordance with the Valmin Code, such transactions may be used as a guide to, or a means of, valuation. This method is considered highly appropriate in a volatile financial environment where other “cost based” methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at “arms length” between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement. Ravensgate have applied a discount rate of 10.0% per annum to reflect an average company’s cost of capital and the effect of inflation on required exploration spends over the timeframe required.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D} \left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}} \right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P \right) \right]$$

where:

- V_{100} = Value of 100% equity in the project (\$)
- D = Deemed equity of the farminor (%)
- CP = Cash equivalent of initial payments of cash and/or stock (\$)
- CE = Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock (\$)
- EE = Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments (\$)
- I = Discount rate (% per annum)
- t = Term of the Stage (years)
- P = Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where Mineral Resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the ‘in-situ’ Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the Mineral Resource.



In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code, 2004) sets out minimum standards, recommendations and guidelines. A Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

4.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any valuations over the Nullagine Gold and Antimony Project held by Northwest. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements.

4.3 Material Agreements

Ravensgate has been commissioned by Northwest Resources Limited (Northwest) and Grant Thornton Corporate Finance Pty Ltd (Grant Thornton) to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review and Valuation report encompasses the Nullagine Pre-Development Project. The Technical Valuation report provides an assessment of the “Exploration Area” and “Pre-development” minerals assets listed below which are either owned 100% by Northwest or in a Joint Venture agreement. Brief details of the ownership and joint venture agreement can be listed as follows.

<u>Mineral Asset</u>	<u>Northwest Ownership %</u>
• Nullagine Project (Gold+Antimony), Western Australia	65%
• Nullagine Project (Gold+Antimony), Western Australia	100%
Nullagine Project, Western Australia, Australia	65% and 100%

On 30 July 2004 Northwest entered into an incorporated joint venture in relation to Nullagine (JV) Holdings Limited in which Northwest holds a 65% interest. Nullagine (JV) Holdings Limited owns 100% of Nullagine (JV) Pty Limited) which in turn holds the Blue Spec Shear and Camel Creek Trend Joint Venture tenements. Northwest is the manager of the Joint Venture and has the obligation to sole fund exploration and development on the JV tenements activities up to Bankable Feasibility Study stage.

On the 19 October 2011 Northwest entered a non-binding heads of agreement for a 50:50 joint venture under which ore from Northwest’s Camel Creek Trend gold deposits will be mined and processed by Millennium Minerals Limited (Millennium). This 50:50 joint venture was fully documented in March 2012. Millennium will manage the joint venture, which will not require any up front capital contribution by Northwest. All ore mined as part of the joint venture will be processed through Millennium’s Golden Eagle treatment plant, which is currently under construction.

The key commercial terms of the Joint Venture are as follows:

- Gold produced from the joint venture will be shared equally on a 50:50 basis.



- All costs associated with mining, processing and administration of joint venture ore will be shared equally on a 50:50 basis.
- As consideration, on signing of the formal joint venture agreement Millennium will pay to Northwest \$1.25 million comprising \$250,000 cash and \$1,000,000 in Millennium shares.

Prior to the signing of the formal joint venture agreement, Millennium contributed up to \$400,000 towards an RC drilling program which Northwest completed in late 2011. The formal joint venture provides a guide to the value of the tenements on the Camel Creek trend.

Ravensgate understands all active mining and exploration tenements are granted at this point in time and are in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

Ravensgate is not aware, nor have we been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.



4.4 Comparable Transactions

Ravensgate has completed a search for publicly available market transactions involving gold and antimony projects within Australia and internationally. As well as for gold projects in Australia. Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the minerals assets being valued. In Ravensgate's opinion and experience, it is understood that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation. In practice, a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined as suitable for use. The transactions identified along with the implied cash-equivalent values are summarised in Section 4.4.1 by commodity and region.

Publically available market transactions have been separated to reflect transactions on a dollar per square kilometre of tenement holding or on a dollar per metal unit for a more advanced Exploration Target or Mineral Resource. This was undertaken to reflect the varying levels of geological exploration carried out within the various project tenements. In general terms, exploration projects may start with a relatively large tenement holding where a lack of detailed geological sampling and knowledge renders the use of the "in-situ" yardstick valuation method inappropriate (i.e. an "Exploration Area Mineral Asset"). For these particularly early-stage exploration areas comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, tenement areas tend to decrease to match a narrowing focus on more prospective areas. For these areas where specific, drill sample supported Exploration Targets have been identified that warrant further detailed evaluation or Mineral Resources require estimation, comparable transactions on a dollar per metal unit basis may be more appropriate (i.e. an "Advanced Exploration Area Mineral Asset or Pre-Development Project at early assessment").

To compare the transactions of the various projects with both gold and antimony where resources have been reported separately, Ravensgate have compared them on an ounces of contained Gold equivalent (AuEq) metal. The reason for using ounces of contained AuEq over ounces of contained gold is that most of the resources have varying ratios of gold to antimony. The number of ounces of contained AuEq metal has been determined at the date of the announcement of the transaction for each resource. This has been undertaken by determining the ratio of the antimony metal price in relation to one ounce of Gold metal, of the average price for each metal for the month that the transaction occurred in. Ravensgate's opinion is that the reader should be aware that the use of AuEq metal is inherently difficult to use because of the often significant variations of gold and antimony prices at any given point in time in the metals market cycle. Prices of different metal commodities may move in similar directions or trends, however the converse is often the case. Using AuEq also allows Ravensgate to compare the project to gold only transactions of which there are many more in the market.

4.4.1 Reported Market Transactions

4.4.1.1 *Reported Market Transaction Involving Gold and Antimony Projects*

Ravensgate's analysis of Australian and Overseas market transactions for Gold and Antimony projects suggests an implied value between \$3.52 to \$313.06 per ounce of contained gold equivalent (AuEq) metal for moderate confidence Mineral Resources through to operating mines (Table 13).



Table 13 Market Transactions Involving Gold and Antimony Exploration Projects at Moderate-Confidence Mineral Resource Stage to Operating Mines within Australia and South Africa				
Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
Hillgrove, New South Wales, Australia	August 2011: Ancoa NL have entered into a purchase agreement with Straits Resources Limited for 100% of the Hillgrove project for \$40M in cash and shares upon Ancoa NL listing on the Australia Securities Exchange. The Hillgrove project is prospective for both gold and antimony mineralisation. The Hillgrove project a total Mineral Resource inventory (Measured, Indicated & Inferred) of 6.349Mt @ 4.3g/t Au and 1.6% Sb , for a contained 878Koz of gold and 102Kt of Sb metal. This equates to an AuEq of 1.712Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$40.0M (notional \$23.37 A\$/metal AuEq ounce on 100% terms).	1.712Moz	\$40.0M	\$23.37 / metal ounce
Anchor Resources Limited Projects, Australia	May 2011: Jinshunda Group Co Ltd announced an improved off market 100% takeover for Anchor Resources Limited (Anchor) at an implied price of \$0.305 per Anchor share equivalent to \$16.02M. Anchor's projects are prospective for both gold and antimony mineralisation. Anchor has a total Mineral Resource inventory (Indicated & Inferred) of 1.59Mt @ 0.16g/t Au and 1.26% Sb for a contained 8Koz of gold and 21Kt of Sb metal. This equates to an AuEq of 228Koz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$16.02M (notional \$70.33 A\$/metal AuEq ounce on 100% terms).	0.228Moz	\$16.02M	\$70.33 / metal ounce
Consolidated Murchison Mine, Limpopo Province, South Africa	October 2010: Village Main Reef Gold Mining Company (1934) Limited entered into a purchase agreement for a 74% interest in the Consolidated Murchison Mine for a total of ZAR40M (A\$5.95M)*. The Consolidated Murchison Mine is an operating underground mine producing gold and antimony. The mine has a total resource inventory of 9.6Mt @ 2.45g/t Au and 2.1% Sb for a contained 750Koz of gold and 201Kt of Sb metal. This equates to an AuEq of 2.287Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$8.04M (notional \$3.52 A\$/metal AuEq ounce on 100% terms).	2.287Moz	\$8.04M	\$3.52 / metal ounce
AGD Mining Limited Assets, Victoria Australia.	April 2006: Cambrian Mining PLC announced a takeover for AGD Mining Limited (AGD) at an implied price of \$0.42 per AGD share equivalent to \$63.5M. AGD's projects are prospective for gold and antimony mineralisation with the development of the Augusta gold and antimony deposit. AGD has a total Mineral Resource inventory (Indicated & Inferred) of 0.12Mt @ 22.3g/t Au and 11.5% Sb for	0.203Moz	\$63.5M	\$313.06 / metal ounce



Table 13 Market Transactions Involving Gold and Antimony Exploration Projects at Moderate-Confidence Mineral Resource Stage to Operating Mines within Australia and South Africa				
Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
	a contained 88Koz gold and 13.8Kt of antimony metal. This equates to an AuEq of 203Koz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$63.5M (notional \$313.06 A\$/metal AuEq ounce on 100% terms).			

Differences may occur due to rounding errors

**NOTE: This transaction was for an asset in distress where the present owner had filed for Chapter 11 Bankruptcy in the United States of America. An independent competent person's valuation indicates a potential value of between ZAR200 million and ZAR400 million (A\$29.8M to A\$59.5M) for Village's 74% interest in Consolidated Murchison Mine.*

4.4.1.2 Reported Market Transactions Involving Gold Projects in Australia

Ravensgate's analysis of Australian market transactions for Gold projects indicates an implied value between \$11.35 to \$297.03 per ounce of contained gold metal for moderate confidence Mineral Resources through to operating mines (Table 14). Within the range of \$11.35 to \$297.03, transactions involving moderate confidence Mineral Resources had a range of \$11.35 to \$36.15 per ounce of gold metal. The transactions for the operating Henty and Paulsens gold mines had an implied value of \$297.03 and \$296.07 per ounce of gold metal respectively.

To take into account the change in gold price over time the implied value per ounce of contained gold is divided by the gold spot price at the time of the transaction and expressed as a percentage (Table 15). This gave a range from 0.81% to 25.62%, within this range transactions involving moderate confidence Mineral Resources had a range of 0.81% to 4.18%, with higher grade gold Mineral Resources having the higher percentages and the medium to lower grade gold Mineral Resources the lower percentages. The operating Henty and Paulsens gold mines had percentages of 25.62% and 20.39% respectively.



Table 14 Market Transactions Involving Gold Exploration Projects at Moderate-Confidence Mineral Resource Stage to Operating Mines within Australia				
Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
Boorara, Western Australia	August 2011: MacPhersons Reward Gold Limited entered into an acquisition agreement with Polymetals Mining Limited for 100% of the Boorara Project for \$3M in cash and shares. The project is prospective for gold mineralisation. The project has Mineral Resources (Indicated & Inferred) of 1.91Mt @ 1.36g/t Au for a contained 0.083Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on 100% equity basis is \$3.0M (notional \$36.00 A\$/metal ounce on 100% terms).	0.083Moz	\$3.0M	\$36.00 / metal ounce
Mt Martin, Western Australia	August 2011: Alacer Gold Corp entered into an acquisition agreement with Australian Mines Limited for 100% of the Mt Martin project for \$7.5M in cash payments over 2 years. The project is prospective for gold mineralisation. The project has Mineral Resources (Indicated & Inferred) of 2.86Mt @ 2.29g/t Au for a contained 0.211Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$7.16M (notional \$33.88 A\$/metal ounce on 100% terms).	0.211Moz	\$7.16M	\$33.88 / metal ounce
Nannine, Western Australia	July 2011: Reed Resources Limited entered into an acquisition agreement with a private party for 100% of the Nannine project for \$1.5M in cash and shares. The project is prospective for gold mineralisation. The project has an Inferred Mineral Resource of 0.58Mt @ 3.2g/t Au for a contained 0.059Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.5M (notional \$25.42 A\$/metal ounce on 100% terms).	0.059Moz	\$1.5M	\$25.42 / metal ounce
Blue Funnel, Western Australia.	March 2011: Phoenix Gold Limited entered into an acquisition agreement with Golden Deeps Limited for a 95% interest in the Blue Funnel Project for \$1.1M in cash and shares. The project is prospective for gold mineralisation. The project has a Mineral Resource of 0.303Mt @ 3.9g/t Au for a contained 0.038Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.16M (notional \$30.47 A\$/metal ounce on 100% terms).	0.038Moz	\$1.16M	\$30.47 / metal ounce
Meekatharra, Western Australia	January 2011: Reed Resources Limited entered into an acquisition agreement with Mercator Gold Australia Pty Ltd for 100% of their Meekatharra project for \$28M. The Meekatharra project is prospective for gold mineralisation. The project has a total Mineral Resource Inventory (Indicated & Inferred) of 44.68Mt @ 1.7g/t of Au for a contained 2.466Moz of gold. Assuming the terms of the agreement were met the implied discounted cash	2.466Moz	\$28M	\$11.35 / metal ounce



Table 14 Market Transactions Involving Gold Exploration Projects at Moderate-Confidence Mineral Resource Stage to Operating Mines within Australia				
Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
	equivalent on a 100% equity basis is \$28M (notional \$11.35 A\$/metal ounce on 100% terms).			
Bullant, Western Australia	July 2010: Argent Minerals Limited entered an acquisition agreement with Barrick Gold Corporation to acquire 100% of the Bullant tenement package for \$5.35M. The project is prospective for gold mineralisation. The project has a Mineral Resource (Measured, Indicated & Inferred) of 0.894Mt @ 5.16g/t Au for a contained 0.149Moz of gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$5.35M (notional \$35.83 A\$/metal ounce on 100% terms).	0.149Moz	\$5.35M	\$35.83 / metal ounce
Paulsens Gold Mine, Western Australia	May/June 2010: Northern Star Resources Limited entered into an acquisition agreement with Intrepid Mines Limited for 100% of the Paulsens Gold Mine for approximately \$44.0M in cash and royalty payments over time, which are all expected to be met. The Paulsens mine has a Mineral Resource (Indicated & Inferred) of 0.314Mt @ 12.8g/t Au for a contained 0.129Moz. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$38.10M (notional \$296.07 A\$/metal ounce on 100% terms).	0.129Moz	\$38.10M	\$296.07 / metal ounce
Henty Gold Mine, Tasmania, Australia	July 2009: Bendigo Mining Limited entered into an acquisition agreement with Barrick Australia Limited for 100% of the Henty Gold Mine for \$30.00M in cash, shares and royalty payments over time, which are all expected to be met. The Henty mine has a Mineral Resource (Indicated & Inferred) of 0.440Mt @ 7.1g/t Au for a contained 0.101Moz. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$30.00M (notional \$297.03 A\$/metal ounce on 100% terms).	0.101Moz	\$30.00M	\$297.03 / metal ounce
Mount Monger and Moyagee Projects, Western Australia	September 2007: Silver Lake Resources Limited entered into an acquisition agreement with Perilya Limited for 100% of the Mount Monger and Moyagee Projects, which included the Daisy Milano Gold mine for \$14.50M. The projects have Mineral Resources (Indicated & Inferred) of 0.220Mt @ 33.2 g/t Au (Mount Monger) and 0.820Mt @ 8.5g/t Au (Moyagee) for a total contained 0.459Moz. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis \$14.50M (notional \$31.59 A\$/metal ounce on 100% terms).	0.459Moz	\$14.50M	\$31.59 / metal ounce
Mt Ida Gold Mine, Western Australia	February 2007: Monarch Gold Mining Company Limited entered into an acquisition agreement with International Goldfields Limited for 100% of the mining rights to the Mt Ida Gold Mine for \$4.00M in cash. The Mt Ida mine has total estimated Mineral	0.111Moz	\$4.00M	\$36.15 / metal ounce



Table 14 Market Transactions Involving Gold Exploration Projects at Moderate-Confidence Mineral Resource Stage to Operating Mines within Australia

Project	Transaction Details & Type	Contained AuEq Metal Ounces (oz)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Ounce (A\$)
	Resources of 0.143Mt @ 24.0g/t Au for a contained 0.111Moz. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$4.00M (notional \$36.15 A\$/metal ounce on 100% terms).			

Note: Differences may occur due to rounding errors

Table 15 Summary of Market Transactions Involving Gold Exploration Projects at Moderate-Confidence Mineral Resource Stage to Operating Mines within Australia

Transaction Date	Property Value \$M	Contained Gold Moz	\$/oz Gold	Au Price ¹ on Trans Date A\$/oz Au	\$/oz as % of Au Price
Jul-09 ²	\$30.00	0.101	\$297.03	\$1,159.51	25.62%
Jun-10 ³	\$38.10	0.129	\$296.07	\$1,452.12	20.39%
Feb-07*	\$4.00	0.111	\$36.15	\$865.62	4.18%
Sep-07*	\$14.50	0.459	\$31.59	\$850.62	3.71%
Jul-10*	\$5.35	0.149	\$35.83	\$1,281.15	2.80%
Mar-11	\$1.16	0.038	\$30.47	\$1,395.69	2.18%
Aug-11	\$7.16	0.211	\$33.88	\$1,563.11	2.17%
Aug-11	\$3.00	0.083	\$36.00	\$1,744.53	2.06%
Jul-11	\$1.50	0.059	\$25.42	\$1,426.91	1.78%
Jan-11	\$28.00	2.466	\$11.35	\$1,396.81	0.81%

*Transactions involving high grade gold resources (>5.0g/t Au).

¹The gold price used was converted to Australian dollars using the exchange rate on the date of the transaction.

²Transaction for the operating Henty Gold Mine.

³Transaction for the operating Paulsens Gold Mine.

4.4.1.3 Reported Market Transactions Involving Exploration Area Gold Projects in Australia

Ravensgate's analysis of Australian market transactions for Exploration Area asset gold projects (Table 16), indicates an implied value between \$481 and \$351,307 per km² for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. The implied value per km² is dependent on the type of licence, whether it is an Exploration Licence, Prospecting Licence or Mining Licence. With lower implied values per km² for Exploration Licences compared to Prospecting Licences and lower implied values per km² for Prospecting Licences compared to Mining Licences. The implied value was also affected by the strategic importance of the licences and the presence of known gold mineralisation upon them.



Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
Earaheedy, Western Australia	November 2011: Aurium Resources Limited entered into an acquisition agreement with a private party for 100% of an exploration licence for \$15,000 in cash. The project is prospective and has an area of 3.00km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.015M (notional \$5,000 A\$/km ² on 100% terms).	3.00	\$0.015M	\$5,000 / km ²
Zelica Project, Western Australia	September 2011: Exterra Resources Limited entered into an acquisition agreement with an unknown party for 100% of a prospecting licence for \$50,000. The prospecting licence is prospective for gold and has an area of 1.75km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.05M (notional \$28,571 A\$/km ² on 100% terms).	1.75	\$0.05M	\$28,571 / km ²
Linden and Pelt Well Projects, Western Australia	September 2011: Power Resources Limited entered into an acquisition agreement with a private party for a 90% interest in the Linden and Pelt Well projects for \$20,000 cash. The projects are prospective for gold mineralisation and have a combined total area of 3.42km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.022M (notional \$6,498 A\$/km ² on 100% terms).	3.42	\$0.022M	\$6,498 / km ²
Beatons Creek Project, Western Australia	August 2011: Novo Resources Corp entered into a joint venture farm-in agreement with Millennium Minerals Limited for a 70% interest in three mining licences for an initial payment of \$0.5M in shares and a minimum expenditure of \$1.0M over 2 years. The tenements are prospective for gold and have an area of 8.32km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$2.01M (notional \$240,730 A\$/km ² on 100% terms).	8.36	\$2.01M	\$240,730 / km ²
Tuckanarra Project, Western Australia	August 2011: Phosphate Australia Limited entered into an acquisition agreement with Gold & Minerals Resources Pty Ltd for 100% of the Tuckanarra gold project for \$130,000. The licences are prospective for gold and have an area of 270km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.13M (notional \$481 A\$/km ² on 100% terms).	270	\$0.13M	\$481 / km ²
Mount Fisher Project, Western Australia	March 2011: Rox Resources Limited entered into an acquisition agreement with Avoca Resources Limited to acquire 100% of the Mount Fisher gold and nickel project for \$1.0M in shares. The tenements are prospective for gold and have an area of 615km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$1.00M (notional \$1,626 A\$/km ² on 100%	615	\$1.00M	\$1,626 / km ²



Project	Transaction Details & Type	Area (km ²)	Purchase Price 100% Basis (A\$)	Implied Value / km ² (A\$)
	terms).			
Broads Dam Project, Western Australia	January 2011: Phoenix Gold Limited entered into an acquisition agreement with Australian Gold Investments Limited to acquire 100% of their Broads Dam Gold project for \$2.5M in cash and shares. The Broads Dam project consists of 14 prospecting licences with an area of 24.28km ² , which are prospective for gold. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$2.5M (notional \$102,965 A\$/km ² on 100% terms).	24.28	\$2.50M	\$102,965 / km ²
Paynes Find, Western Australia	January 2011: Paynes Find Gold Limited entered into an acquisition agreement with Provider Express Pty Ltd to acquire 100% of a prospecting licence for \$60,000. The prospecting licence is prospective for gold and has an area of 0.43km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.06M (notional \$139,535 A\$/km ² on 100% terms).	0.43	\$0.06M	\$139,535 / km ²
Tin Dog Project, Western Australia	December 2010: Saracen Mineral Holdings Limited entered into an acquisition option agreement with an unknown party to acquire 80% of the Tin Dog project for \$430,000. The project consists of three prospecting licences and one mining licence, prospective for gold with a total area of 1.53km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$0.54M (notional \$351,307 A\$/km ² on 100% terms).	1.53	\$0.54M	\$351,307 / km ²
Tropicana Belt, Western Australia	October 2010: Sirius Resources NL entered into an acquisition agreement with Mark Creasy for a 70% interest in exploration licences near Tropicana for \$2.76M in shares. The project tenements are prospective for gold and have an area of 2,300km ² . Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$3.94M (notional \$1,714 A\$/km ² on 100% terms).	2,300	\$3.94M	\$1,714 / km ²

Note: Differences may occur due to rounding errors

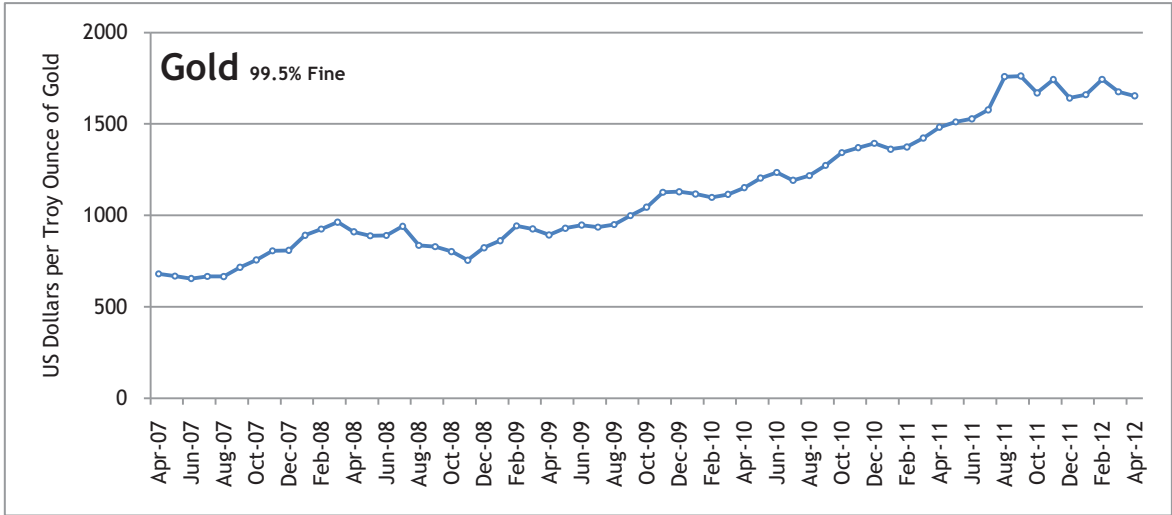
4.4.2 Commodity Prices

Ravensgate has examined the historical commodity charts (Figure 7 and Figure 8) for general trends over time. A general analysis of the price chart for Gold in Figure 7 shows a continuous price increase with only a short period of slight price decline between April and November 2008. In recent months the gold price has remained relatively steady. Antimony in Figure 8 shows the price being steady until December 2008 where there is a drop, followed by a gradual increase until April 2010, where the price rose steadily to a high in April 2011, from where it has dropped back, then risen, dropped again and risen in recent months. Ravensgate has taken



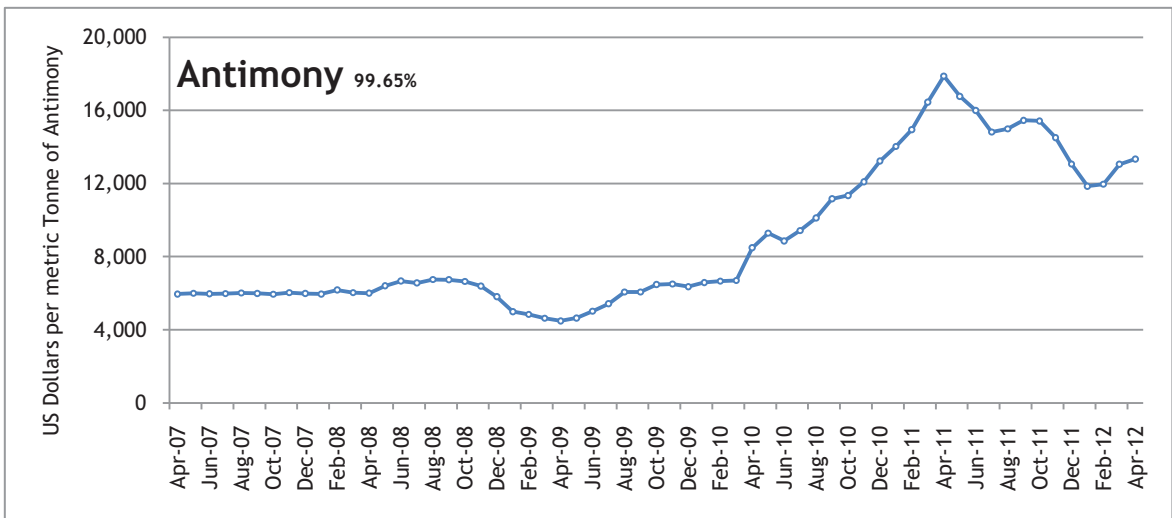
into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 7 Gold Five Year Monthly Average Price Chart to April 2012



Source: Metalprices.com

Figure 8 Antimony Five Year Monthly Average Price Chart to April 2012



Source: Metalprices.com



4.5 Mineral Asset Valuations

4.5.1 Nullagine Gold and Antimony Project, Western Australia

Ravensgate have decided to divide the Nullagine Gold and Antimony Project up into three parts for the valuation, being the:

- Blue Spec Trend mining licences 65% interest;
- Camel Creek Trend mining licences 65% interest; and
- Surrounding prospecting licences 100% owned.

This allows for more than one valuation method to be applied where possible.

4.5.1.1 Selection of Valuation Method

The Nullagine Gold and Antimony Project can be divided between the Mining Licences, which are part of the joint venture and owned 65% by Northwest can be classified as a “Pre-Development Project” mineral asset where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. The surrounding Prospecting Licences owned 100% by Northwest can be classified as “Exploration Area” mineral assets where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified. The commodity item of interest for exploration is Gold and Antimony mineralisation. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as listed in Section 3.6. In valuing the mineral asset of the Nullagine Project, Ravensgate considers the ‘DCF/NPV’ method inappropriate.

For the valuation of Northwest’s reported Mineral Resources, Ravensgate has valued the reported Mineral Resources as reported in Section 3.6 at the various cut-offs used.

Ravensgate has elected to apply the Comparable Transaction Method, Joint Venture terms and Multiples of Exploration Expenditure to value the project after consideration of the various valuation methods outlined in Section 4.1 and the geological / exploration information outlined in Section 3.

4.5.1.2 Project Analysis - Comparable Transactions Method

Ravensgate’s analysis of the gold and antimony market transactions (Table 13) indicates that the implied value of more advanced or strategic projects with gold and antimony Mineral Resources, through to operating mines range from \$3.52 to \$313.06 per contained resource ounce of AuEq metal. The transaction at an implied value of \$3.52 per contained resource ounce of AuEq for a 74% interest in the operating Consolidated Churchill Gold and Antimony Mine was for an asset in distress, where the party selling had filed for bankruptcy, therefore Ravensgate do not consider it to be a transaction useful for comparison. The transaction at an implied value of \$313.06 per contained resource ounce of AuEq for AGD Mining Limited assets, which included the Costerfield gold and antimony mine, is not comparable as it is for an asset far more advanced than the Northwest assets. The takeover for Anchor Resources Limited at an implied value of \$70.33 per contained resource ounce of AuEq, contained a takeover premium >30% and the company contained a number of other projects of unknown value, hence applying the entire value to the one gold and antimony resource overstates its value. This only leaves the one potentially comparable transaction, being the sale of Hillgrove by Straits Resources Limited at an implied value of \$23.37 per contained resource ounce of AuEq. Therefore Ravensgate has analysed market transactions of gold only Mineral Resources, to assist in valuing Northwest’s mineral assets, see below.

Ravensgate’s analysis of gold market transactions (Table 14) indicates that the implied value of more advanced or strategic exploration projects with gold Mineral Resources, which are not operating mines generally range from \$25.42 to \$36.15 per contained resource ounce of gold metal. Ravensgate considers the transaction at an implied value of \$11.35 to be an outlier in the data. Analysing these transactions, excluding the outlier and two operating mines taking



into account the change in the gold price over time, expressing the dollar value per ounce of gold as a percentage of the gold price (Table 15), the average of these transactions is 2.7%, which equates to \$42.79 using the Gold Spot Price 18 April 2012 of \$1,586.19 (US\$1,651.10). The three transactions marked with an asterisk (*) in Table 15 are all transactions involving higher grade gold resources and are more comparable to the Blue Spec Trend Mineral Resources. These transactions have higher dollar value per ounce of gold expressed as a percentage of the gold price than the lower grade Mineral Resources, which have an average of approximately 2.0% equating to \$31.72 per ounce using the gold spot price above. These higher grade Mineral Resource percentages have declined over time from 4.18% in February 2007 to 2.8% in July 2010.

Ravensgate has divided Northwest's total Mineral Resource estimates between the Blue Spec Trend (430,660oz of AuEq) and the Camel Creek Trend (46,000oz of Au) to reflect the higher grade and total contained ounces of AuEq of the Blue Spec Trend Mineral Resources compared to the Camel Creek Trend Mineral Resources. Different valuation ranges have been applied to the two trends, based on the above analysis.

Blue Spec Shear

Ravensgate has derived an implied range of \$39.65 to \$46.00 with a preferred value of \$42.79 per ounce of contained gold equivalent (AuEq) to apply to the Blue Spec Shear Mineral Resource listed in Section 3.6 using the Gold Spot Price at 18 April 2012 of \$1,586.19 (US\$1,651.10). These derived values are based on the higher dollar value per ounce of gold expressed as a percentage of the gold price, where a range from 2.50% to 2.90% has been applied and the preferred value is based on 2.70%. This range reflects the higher grade gold Mineral Resources on the Blue Spec Shear. These values relate to approximately \$11.10 to \$12.88M for the contained metal within the current Mineral Resource Estimate (430,660oz AuEq metal). From this range a preferred value of \$11.98M has been selected which reflects a value of \$42.79 per contained resource ounce of gold, which reflects the outcome of successful exploration to date and the quality of the Mineral Resources.

Camel Creek Trend

Ravensgate's analysis of Camel Creek has determined an implied range of \$28.55 to \$34.90 with a preferred value of \$31.72 per ounce of contained gold to apply to the Mineral Resources as tabled in Section 3.6. These values relate to a range of approximately \$0.85 to \$1.04M for the contained metal within the current Mineral Resource Estimate (46,000oz Au metal). From this range a preferred value of \$0.95M has been selected which reflects a value of \$31.72 per contained resource ounce of gold, which also reflects the outcome of successful exploration to date and the quality of the Mineral Resources.

Surrounding Prospecting Licences

Ravensgate's analysis of Australian market transactions for Exploration Area mineral asset gold projects (Table 16) suggests an implied value between \$481 and \$351,307 per km² for Exploration Area Mineral Assets, with no estimated Mineral Resources in accordance of the JORC Code 2004. Within this range mineral assets consisting of entirely prospecting licences have a derived range of from \$28,571 to \$139,535 per km² depending on how strategic the licence is and or the presence of known gold mineralisation.

Ravensgate has derived an implied range of \$28,000 to \$40,000 per km² with a preferred value of \$28,500 per km² to apply to the area of the granted prospecting licences, which have a total combined area of 48.43km². These values relate to approximately \$1.36M to \$1.94M. From this range a preferred value of \$1.38M has been selected, which reflects a value of \$28,500 per km², which also reflects the outcome of successful exploration to date and the quality of the exploration ground.



Summary Valuation - Comparative Transactions

A summary of Northwest's Nullagine project valuation based on comparative transactions is in Table 17. Ravensgate considers the project is of merit and worthy of further exploration and study.

<i>Table 17 Northwest - Comparative Transactions Valuation for the Nullagine Project</i>						
Nullagine Project	Mineral Asset	Ownership %	Area km ²	Valuation		
				Low \$M	High \$M	Preferred \$M
Blue Spec Trend	Pre-Development	65%	15.19 ¹	\$11.10	\$12.88	\$11.98
Camel Creek Trend	Pre-Development	65%	8.59 ¹	\$0.85	\$1.04	\$0.95
Prospecting Licences	Exploration Area	100%	48.43	\$1.36	\$1.94	\$1.38
Total	All	65% & 100%	72.21	\$13.31	\$15.86	\$14.31

¹ Area not applicable to valuation due to existence of Mineral Resources

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

4.5.1.3 Project Analysis - Joint Venture Terms - Camel Creek Trend

Ravensgate considers the joint venture terms valuation method is appropriate for valuing the Camel Creek Trend mining leases, as it is a recently announced joint venture agreement and is a good indication of what an arm's length buyer is willing to pay for the project. Using the terms of the joint venture as outlined in Section 4.3 and the joint venture terms equation in Section 4.1 with a discount rate of 10% reflecting a typical company's cost of capital and considering inflation, assuming the terms of the joint venture are met, the implied discounted cash equivalent on a 100% equity basis is \$3.28M. Northwest's current 65% interest in the Camel Creek mining licenses equates to an implied discounted cash equivalent value of \$2.13M.

4.5.1.4 Project Analysis - Multiples if Exploration Expenditure - Prospecting Licences

The Multiples of Exploration Expenditure method of mineral valuation is applicable to exploration properties from the earliest stage of exploration to a moderately advanced stage, but for which no Mineral Resources in accordance of the JORC Code 2004 has been delineated. Ravensgate considers this method useful in valuing Northwest's 100% owned prospecting licences P46/1607 through to P46/1611 only, as the other prospecting licences were only recently granted in September 2011 and March 2012 with little past or future exploration expenditure having been applied as yet. Northwest has expended a total of \$0.36M on the prospecting licences. An analysis on the efficiency and effectiveness of the exploration carried out against the results returned to date to determine prospectivity enhancement multiples (PEM) was completed. The PEM's selected reflect the results to date and that further exploration is still justified. Ravensgate considers a range of PEM's of 0.85 to 1.15 is applicable to the total project exploration expenditure to value the project. This equates to a valuation range of \$0.31M to \$0.41M. Ravensgate has elected to assign a preferred value of \$0.36M in the middle of the range, recognising the mineral asset prospects and exploration drilling and geological work outlined to date.

4.6 Valuation Summary

Blue Spec Shear

Ravensgate considers the Comparable Transaction method applicable to the Blue Spec Shear mining licences. This method derived a range of selected values from \$11.10M to \$12.88M.



Ravensgate has elected to assign a preferred value of \$11.98M, which is in the middle of the range, recognising the mineral asset prospects and exploration drilling and geological work outlined to date. Ravensgate considers the Blue Spec Trend Area Trend is of merit and worthy of further exploration.

Camel Creek Trend

By using the Comparable Transactions and Joint Venture Terms valuation methods for valuing a 65% interest in the exploration potential associated with the Camel Creek Trend, a range of selected values from \$0.95M to \$2.13M can be derived. Ravensgate has elected to assign a preferred value of \$2.00M at the upper end of the range, recognising the mineral asset prospects and exploration drilling and geological work outlined to date. Ravensgate considers the Camel Creek Trend is of merit and worthy of further exploration.

Prospecting Licences

The Multiples of Exploration Expenditure and Comparative Transaction valuation methods can be used in valuing five of the prospecting licences (P46/1607 - P46/1611), with only comparative transactions being used for the remaining twenty five (25) recently granted prospecting licences (P46/1669 - P46/1684 and P46/1698 - P46/1706).

By using the Multiples of Exploration Expenditure and Comparative Transaction valuation methods for valuing prospecting licences P46/1607 to P46/1611 (with an area of 8.60km²) a range of selected values from \$0.25M to \$0.36M can be derived, being the preferred values by both valuation methods. Ravensgate has elected to assign a preferred value of \$0.30M in the middle of the range, recognising the mineral asset prospects and exploration drilling and geological work outlined to date.

The remaining prospecting licences P46/1669 - P46/1684 and P46/1698 to P46/1706 have an area of 39.83km² using the range selected in Section 4.5.1.2 of \$28,000 to \$40,000 per km², with a preferred value of \$28,500 per km², this equates to \$1.12M to \$1.59M with a preferred value of \$1.14M, which is at the lower end of the range, recognising the mineral asset prospects and exploration drilling and geological work outlined to date.

In Summary the prospecting licences have an implied value range between \$1.36M to \$1.95M with a preferred value of \$1.44M. Ravensgate considers the prospecting licence are of merit and worthy of further exploration.

Summary

Ravensgate has concluded the Nullagine Gold and Antimony Project is of merit (although at varying stages of exploration and subsequent Mineral Asset classification), and worthy of further exploration. A summary of the Nullagine project valuation in 100% terms is provided in Table 18. A summary of the Nullagine project valuation in 100% and joint venture terms is provided in Table 19. The applicable valuation date is 19 April 2012 and is derived from comparisons where possible using the Joint Venture Terms, Comparable Transactions and Multiples of Exploration Expenditure valuation methods. The value of the listed projects is considered to lie in a range from \$13.41M to \$16.96M, within which range Ravensgate has selected a preferred value of \$15.41M.



Table 18 Northwest - Project Technical Valuation Summary in 100% for the Nullagine Project					
Nullagine Project	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
Blue Spec Trend	Pre-Development	100%	\$17.06	\$19.81	\$18.43
Camel Creek Trend	Pre-Development	100%	\$1.46	\$3.28	\$3.08
Prospecting Licences	Exploration Area	100%	\$1.36	\$1.95	\$1.44
Combined Projects	All listed projects	100%	\$19.90	\$25.04	\$22.94

* The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur

Table 19 Northwest - Project Technical Valuation Summary in 100% and Joint Venture Terms for the Nullagine Project					
Nullagine Project	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
Blue Spec Trend	Pre-Development	65%	\$11.10	\$12.88	\$11.98
Camel Creek Trend	Pre-Development	65%	\$0.95	\$2.13	\$2.00
Prospecting Licences	Exploration Area	100%	\$1.36	\$1.95	\$1.44
Combined Projects	All listed projects	65% & 100%	\$13.41	\$16.96	\$15.41

* The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur

5. TENEMENT DETAILS

<i>Table 20 Project Tenement Details for Australia</i>							
PROJECT	TENEMENT ID	% NORTHWEST	MANAGER	GRANT DATE	EXPIRY DATE	Area (km ²)	TARGET COMMODITY
Nullagine	M46/57	65%	Northwest	23/03/1988	22/03/2030	0.53	Gold & Antimony
	M46/115	65%	Northwest	4/02/1991	3/02/2033	9.34	Gold & Antimony
	M46/165	65%	Northwest	23/08/1995	22/08/2016	5.66	Gold & Antimony
	M46/166	65%	Northwest	29/12/1995	28/12/2016	4.38	Gold & Antimony
	M46/167	65%	Northwest	29/12/1995	28/12/2016	0.98	Gold & Antimony
	M46/182	65%	Northwest	24/02/1997	23/02/2018	0.09	Gold & Antimony
	M46/244	65%	Northwest	29/11/2000	28/11/2021	0.19	Gold & Antimony
	M46/442	65%	Northwest	1/11/2005	31/10/2026	2.61	Gold & Antimony
	P46/1607	100%	Northwest	28/09/2007	27/09/2015	1.64	Gold & Antimony
	P46/1608	100%	Northwest	28/09/2007	27/09/2015	1.86	Gold & Antimony
	P46/1609	100%	Northwest	28/09/2007	27/09/2015	1.84	Gold & Antimony
	P46/1610	100%	Northwest	28/09/2007	27/09/2015	1.80	Gold & Antimony
	P46/1611	100%	Northwest	28/09/2007	27/09/2015	1.46	Gold & Antimony
	P46/1669	100%	Northwest	19/03/2012	18/03/2016	1.80	Gold & Antimony
	P46/1670	100%	Northwest	19/03/2012	18/03/2016	1.59	Gold & Antimony
	P46/1671	100%	Northwest	19/03/2012	18/03/2016	1.61	Gold & Antimony
	P46/1672	100%	Northwest	19/03/2012	18/03/2016	1.59	Gold & Antimony
	P46/1673	100%	Northwest	19/03/2012	18/03/2016	1.59	Gold & Antimony
	P46/1674	100%	Northwest	19/03/2012	18/03/2016	1.29	Gold & Antimony
	P46/1675	100%	Northwest	19/03/2012	18/03/2016	1.78	Gold & Antimony
	P46/1676	100%	Northwest	19/03/2012	18/03/2016	0.34	Gold & Antimony
	P46/1677	100%	Northwest	19/03/2012	18/03/2016	1.96	Gold & Antimony
	P46/1678	100%	Northwest	19/03/2012	18/03/2016	1.94	Gold & Antimony
	P46/1679	100%	Northwest	19/03/2012	18/03/2016	1.92	Gold & Antimony
	P46/1680	100%	Northwest	19/03/2012	18/03/2016	1.91	Gold & Antimony
	P46/1681	100%	Northwest	23/03/2012	22/03/2016	1.96	Gold & Antimony

Table 20 Project Tenement Details for Australia

PROJECT	TENEMENT ID	% NORTHWEST	MANAGER	GRANT DATE	EXPIRY DATE	Area (km ²)	TARGET COMMODITY
	P46/1682	100%	Northwest	19/03/2012	18/03/2016	1.72	Gold & Antimony
	P46/1683	100%	Northwest	29/03/2012	28/03/2012	1.08	Gold & Antimony
	P46/1684	100%	Northwest	19/03/2012	18/03/2016	1.94	Gold & Antimony
	P46/1698	100%	Northwest	30/09/2011	29/09/2015	1.95	Gold & Antimony
	P46/1699	100%	Northwest	30/09/2011	29/09/2015	1.90	Gold & Antimony
	P46/1700	100%	Northwest	30/09/2011	29/09/2015	1.89	Gold & Antimony
	P46/1701	100%	Northwest	30/09/2011	29/09/2015	1.89	Gold & Antimony
	P46/1702	100%	Northwest	30/09/2011	29/09/2015	1.91	Gold & Antimony
	P46/1703	100%	Northwest	30/09/2011	29/09/2015	0.16	Gold & Antimony
	P46/1704	100%	Northwest	30/09/2011	29/09/2015	1.37	Gold & Antimony
	P46/1705	100%	Northwest	30/09/2011	29/09/2015	1.75	Gold & Antimony
	P46/1706	100%	Northwest	30/09/2011	29/09/2015	0.99	Gold & Antimony

^A Tenement application in progress.

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7. GLOSSARY

A\$	Australian dollars.
Aerial photography	Photographs of the Earth's surface taken from an aircraft.
Aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
Airborne geophysical data	Data pertaining to the physical properties of the Earth's crust at or near surface and collected from an aircraft.
Alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
Andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
Anomalous	A departure from the expected norm, generally geochemical or geophysical values higher or lower than the norm.
Antimony	A lustrous grey metalloid, it is found in nature mainly as the sulfide mineral stibnite (Sb_2S_3).
Archean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
Assay	A procedure where the element composition of a rock soil or mineral sample is determined.
Auriferous	Containing gold.
B	Billions.
Basalt	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
Base metals	A non-precious metal, usually referring to copper, lead and zinc.
Basin	A large depression within which sediments are sequentially deposited and lithified.
Breccia	Rock consisting of angular fragments enclosed in a matrix, usually the result of persistent fracturing by tectonic or hydraulic means.
Brittle	Rock deformation characterised by brittle fracturing and brecciation.
Calcite	A mineral of composition $CaCO_3$ (calcium carbonate) it is an essential component of limestones and marbles.
Carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO_3 . Essential component of limestones and marbles.
Chalcopyrite	$CuFeS_2$, a copper ore.
Chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
Clastic	Pertaining to sedimentary rocks composed primarily from fragments of pre-existing rocks or fossils.
Clays	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
Conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
Costean	Exploration trench.

Craton	Large, usually ancient, stable mass of the earth's crust.
Marginal Cutoff grade	The lowest grade of mineralised material considered to be economic for a particular project.
Density	Mass of material per unit volume.
Deposit	A mineralised body which has been physically delineated by sufficient drilling and found to contain sufficient average grade of metal or metals to warrant further exploration and development expenditure.
Diamond drilling	A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
Dilational	Open space within a rock mass commonly produced in response to folding or faulting.
Dilution	The lowering of the grade of ore being mined due to the inclusion of waste rock or low-grade ore.
Dip	The angle at which a rock stratum or structure is inclined from the horizontal.
Disseminated	Widely and evenly spread.
Dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
Ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
Dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
Electromagnetic survey	A geophysical technique whereby transmitted electromagnetic fields are used to energise and detect conductive material beneath the earth's surface.
Facies	Characteristic features of rocks such as sedimentary rock type, mineral content, metamorphic grade, fossil content and bedding characteristics.
Fault zone	A wide zone of structural dislocation and faulting.
Feldspar	A group of rock forming minerals.
Felsic	An adjective indicating that a rock contains abundant feldspar and silica.
Footwall	Surface of rock along the fault plane having rock below it.
g/t	Grams per tonne.
Gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
Geochemical	Pertains to the concentration of an element.
Geophysical	Pertains to the physical properties of a rock mass.
GIS database	A system devised to present partial data in a series of compatible and interactive layers.
Gossan	Leached, oxidised near surface part of a vein containing sulphides, especially iron-bearing sulphides.
Granite	A common type of intrusive, felsic, igneous rock.
Greenschist facies	A low grade, low temperature regional metamorphism that results in a mineral assemblage typically containing chlorite, epidote and/or actinolite.
Greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.

Greywackes	A sandstone like rock, with grains derived from a dominantly volcanic origin.
Hangingwall	The mass of rock above a fault, vein or zone of mineralisation.
Hematite	A common iron ore, natural iron oxide that is reddish or brown in colour.
Igneous	A rock that has solidified from molten rock or magma.
Infill	Refers to sampling or drilling undertaken between pre-existing sample points.
In-situ	In the natural or original position.
Intermediate	A rock unit which contains a mix of felsic and mafic minerals.
Intrusion/Intrusive	A body of igneous rock that invades older rock.
Joint venture	A business agreement between two or more commercial entities.
JORC	Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).
JORC Code	A code developed by the Australian Joint Ore Reserves Committee which sets minimum standards for public reporting of exploration results, Mineral Resources and Ore Reserves.
kg/m ³	Kilogram per cubic metre.
kg/t	Kilograms per tonne, a standard mass unit for demonstrating the concentration of uranium in a rock.
Lithology	A term pertaining to the general characteristics of rocks.
Lode	A vein or other tabular mineral deposit with distinct boundaries.
M	Millions.
Mafic	A dark igneous rock composed dominantly of iron and magnesium minerals (such as basalt).
Magnetic anomaly	Zone where the magnitude and orientation of the earth's magnetic field differs from adjacent areas.
Magnetite	A ferromagnetic mineral form of iron oxide (Fe ₂ O ₃), which commonly exhibits magnetic properties..
Mesothermal	Hydrothermal deposit formed at intermediate temperatures (200-300° C).
Metal recovery	The percentage of metal recovered after processing.
Metamorphism	Process by which changes are brought about to rock in the earth's crust by the agencies of heat, pressure and chemically active fluids.
Mineralisation	A geological concentration minerals or elements of prospective economic interest.
Mineral	A substance occurring naturally in the earth which may or not be of economic value.
Mineralised zone	Any mass of rock in which minerals of potential commercial value may occur.
Mineral Resource	A mineral inventory that has been classified to meet the JORC code standard.
Moz	Millions of ounces.
mRL	Metres reduced level, refers to the height of a point relative to a datum surface.
Mt	Million Tonnes.
Open pit	A mine working or excavation open to the surface.

Ore	Material that contains one or more minerals which can be recovered economically.
Ore Reserve	An Ore Reserve that has been classified to meet the JOR code standard.
Outcrops	Surface expression of underlying rocks.
Oxidised ore	Metalliferous minerals by which have been altered by weathering and partially or completely converted into oxides.
Polymictic	Referring to coarse sedimentary rocks, typically conglomerate, containing clasts of many different rock types.
ppb	Parts per billion; a measure of low level concentration.
Pyrite, pyrrhotite	A common, pale bronze iron sulphide mineral.
Quartz	Mineral species composed of crystalline silica (SiO ₂).
Radiometric	Geophysical technique measuring emission from radioactive isotopes.
RC drilling	Reverse Circulation drilling, whereby rock chips are recovered by airflow returning inside the drill rods, rather than outside, thereby returning more reliable samples.
Reserves	The portion of a mineral deposit which could be economically extracted or produced at the time of the Reserve determination. These are classified as either proven, probable or possible Ore Reserves based on the JORC code.
Resource	An occurrence of material of intrinsic economic interest in a form that provides reasonable prospects for eventual economic extraction. These are classified as Measured, Indicated or Inferred ore resources based on the JORC code.
Rock chip sampling	The collection of rock specimens for mineral analysis.
Sandstone	Sedimentary rock comprising predominantly of sand.
Saprock	Zone of weathered rock preserved within the weathered profile.
Satellite imagery	The images produced by photography of the Earth's surface from satellites.
Sedimentary	Rocks formed by the deposition of particles carried by air, water or ice.
Sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
Shale	Fine grained sedimentary rock with well-defined bedding planes.
Sheared	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
Silcrete	Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
Silicified	Rock into which silica has been introduced.
Sills	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.
Silts	Fine-grained sediments, with a grain size between those of sand and clay.
Soil sampling	The collection of soil specimens for mineral analysis.
Spot price	Current delivery price of a commodity traded in the spot market.
Strike	The bearing of a rock formation.
Strike	Horizontal direction or trend of a geological structure.
Sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralisation.

t	Tonne.
Tpa	Tonnes per annum.
Tailings	Material rejected from the plant after valuable minerals have been Recovered.
Tenements	Large tracts of land granted under lease to mining companies and prospectors by the government.
Veins	A thin infill of a fissure or crack, commonly bearing quartz.
Waste	Material which does not contain minerals of economic merit.
Zone of oxidisation	The upper region of a mineral deposit which has undergone oxidisation.