



Northwest
Resources Limited

ASX RELEASE

25 October 2013

Selective Share Buy-Back

Northwest Resources Limited (ASX: NWR, “Northwest” or the “Company”) advises that the Company proposes, subject to shareholder approval, to buy-back and cancel 2,500,000 ordinary shares held by the Company’s Managing Director, Mr. John Merity for no cash or other payment as a practical solution for unwinding limited recourse loan arrangements previously extended to Mr. Merity.

In 2008 following shareholder approval, Mr. Merity was extended a limited recourse loan under the Company’s Executive & Employee Share Option Plan to fund the exercise of 2,500,000 options over ordinary shares in the Company, each with an exercise price of \$0.20. Under the terms of the limited recourse loan, Mr. Merity can elect either to repay the loan or have the 2,500,000 shares sold on market and the proceeds used to repay the loan. The limited resource nature of the loan to Mr Merity means that if the proceeds from the sale of the 2,500,000 shares are not sufficient to repay the loan in full, Mr. Merity is not required to repay the shortfall to the Company. In effect, this means that Mr. Merity’s liability is limited to the proceeds of sale of the 2,500,000 shares.

The Board believes that it would not be in the interests of shareholders for the 2,500,000 shares to be disposed of on market to repay the loan in the current market conditions. Accordingly, the Company proposes, subject to shareholder approval, to buy-back the shares for no cash or other payment. On completion of the proposed buy-back the 2,500,000 shares will be cancelled and Mr. Merity’s repayment obligations under the loan will be satisfied.

The Directors believe that the proposed selective buy-back is a practical solution for unwinding the loan arrangements extended to Mr. Merity and will not have any material adverse effects on the Company or shareholders.

The buy-back and cancellation of shares will require the approval of shareholders not associated with Mr. Merity and full details of the proposed buy-back will be provided to shareholders in the forthcoming AGM notice.

For further information, please contact:

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