



Northwest

28 October 2010

Dear Fellow Shareholder,

We will hold our Annual General Meeting in Sydney on Tuesday, 30 November 2010. Please find enclosed the Notice of Meeting and a Proxy Form. I hope as many shareholders as possible will be able to attend. If you are not attending the AGM, you can lodge your personalized completed proxy form by returning it in the enclosed envelope or alternatively by facsimile.

2010 Annual Report

The 2010 Annual Report is available online in the Investor Centre on Northwest's website at **www.nw-resources.com.au**. I encourage shareholders to access the Annual Report online as this not only reduces costs to the Company but also provides benefits to the environment. Shareholders who wish to receive a printed copy however, can request one free of charge by contacting the Company by telephone: +61 (2) 9267 7661 or by email to info@nw-resources.com.au. If you have previously elected to receive a printed copy of the report, this will be sent to you shortly.

The Northwest Annual Report is a statutory report which includes Northwest's full year Financial Report, Independent Auditor's Report, Directors' Report, Remuneration Report and Corporate Governance Statement. The Annual Report also includes the Managing Director's Report which contains a summary of the important steps towards development which the company has undertaken during the year and includes and overview of our strategy and future prospects.

Further Information

If you have any further questions regarding your shareholding please contact Registries Ltd on 1300 737 760 or international +61 (2) 9290 9600. If you have any further questions regarding the AGM, please contact the Company on +61 (2) 9267 7661 or alternatively email your questions to info@nw-resources.com.au.

We welcome your feedback and hope you find our 2010 Annual Report informative. Thank you for your continued support of Northwest.

Yours faithfully,

Jim Colquhoun
Chairman

NOTICE OF ANNUAL GENERAL MEETING and Explanatory Memorandum

Annual General Meeting information:

Date: Tuesday, 30 November 2010
Time: 10.30am
Location: Offices of DLA Phillips Fox, Solicitors
201 Elizabeth Street, Sydney

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**AGM**) of shareholders of Northwest Resources Limited (**Northwest** or the **Company**) will be held at the offices of DLA Phillips Fox, 201 Elizabeth Street, Sydney on Tuesday, 30 November 2010 commencing at 10.30am for the purposes of transacting the following business referred to in this Notice of Annual General Meeting.

The Explanatory Memorandum that accompanies and forms part of this Notice of Annual General Meeting provides information in relation to each of the matters to be considered.

This Notice of Annual 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 prior to voting.

The business of the AGM is as follows:

Receipt of Financial, Directors' and Auditor's Reports

"To receive and consider the Financial Report of the Company and its controlled entities, together with the Directors' Report and the Auditor's Report for the year ended 30 June 2010."

Resolution 1 – Adoption of the Remuneration Report

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

"That the Remuneration Report (which forms part of the Directors' Report) for the year ended 30 June 2010 be adopted."

Resolution 2 – Re-Election of Mr. Peter Richard as a Director

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

"That Peter Richard, who being eligible offers himself for re-election as a Director, be elected as a Director."

Resolution 3 – Approval of Performance Rights Plan

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

"That for the purposes of Exception 9(b) of Listing Rule 7.2 and for all other purposes, the Performance Rights Plan, the terms and conditions of which are summarised in the Explanatory Memorandum, and the issue or transfer of securities pursuant to the Performance Rights Plan, be and are approved."

Voting Entitlement

For the purposes of determining voting entitlements at the AGM, shares will be taken to be held by the persons who are registered as holding the shares at 5.00pm (Sydney time) on Sunday, 28 November 2010 (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 AGM.

Voting Exclusion

The Company will disregard any votes cast on this resolution by an executive Director of the Company or any associate of that executive Director. However, the Company need not disregard a vote if it is cast by:

- a person as proxy for a person who is entitled to vote in accordance with a direction on the proxy form as to how to vote on this resolution; or
- the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction as to how to vote on this resolution,

provided that the vote is not cast on behalf of an executive Director of the Company or any associate of that executive Director.

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, Registries Limited at least 48 hours before the time for holding the meeting, 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
27 October 2010

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders in connection with the Annual General Meeting (**AGM**) of shareholders to be held at the offices of DLA Phillips Fox, 201 Elizabeth Street, Sydney on Tuesday, 30 November 2010 commencing at 10.30am.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

Receipt of Financial, Directors' and Audit Reports

Northwest's Constitution and the Corporations Act require the Financial Report, the Directors' Report, the Directors' Declaration and the Auditor's Report (the **Reports**) to be received and considered at the meeting.

The Reports are contained in the 2010 Annual Report and the Company has set up an online interactive version of the Annual Report on the Company's website at www.nw-resources.com.au which shareholders are encouraged to view. Shareholders may also contact the Company to request, free of charge, a hard copy of the Annual Report.

No vote will be taken on the Reports. However, shareholders attending the AGM will be given the opportunity to ask questions about, or make comments on, the Reports.

Resolution 1 – Adoption of the Remuneration Report

The Corporations Act requires the Company to include in the Directors' Report a Remuneration Report setting out certain prescribed information relating to directors' and executives' remuneration, and submit this for adoption by resolution of the shareholders at the AGM.

The Remuneration Report discusses matters including Board policies for determining the remuneration of Directors and executives and remuneration details of the Directors and executives of the Company.

Under the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors of the Company. Notwithstanding this, the Board is cognisant of current investor attitudes towards executive remuneration and will take the outcome of the vote into consideration when reviewing and setting the remuneration policies in subsequent years.

Resolution 2 – Re-Election of Mr. Peter Richard as a Director

This year, by rotation Mr. Richard, an independent non-executive Director, resigns and being eligible seeks re-election as a director.

Mr. Richard is stockbroker with over 35 years' experience in Australian capital markets. During a long career in the stock markets, Mr. Richard was a director of Jacksons Ltd, then the largest underwriter of mining and exploration floats in Australia. Mr. Richard currently provides consulting services to emerging mining and technology companies. He has previously been a director of a number of listed Australia public companies in the resources sector.

Mr. Richard was appointed to the Board on 30 June 2008. He is a member of the Audit and Remuneration Committees.

The Directors, other than Mr. Richard, recommend that shareholders vote in favour of this resolution. Mr. Richard, because of his interest, makes no recommendation in relation to this resolution.

Resolution 3 – Approval of Performance Rights Plan

Introduction

Shareholder approval is sought for the introduction of a Performance Rights Plan (the **Plan**) and the issue or transfer of securities under the Plan.

The purpose of the Plan is to align the interests of executive Directors and employees with the interests of the Company's shareholders by rewarding participants for creating shareholder value and to assist the Company in retaining and attracting highly skilled and experienced employees.

No Performance Rights are currently intended to be issued to any executive Director of the Company under the Plan and separate shareholder approval will be required before any Performance Rights can be issued to any executive Director. There have been no previous issues of securities under the Plan.

Summary of the Performance Rights Plan

Grant: Under the Plan, the Company may issue executive Directors and employees (or a Board approved nominee) with Performance Rights. Each Performance Right entitles the holder to subscribe for or be transferred one Share, subject to any performance conditions specified by the Board being satisfied. Details of any grant of Performance Rights to an executive Director including relevant performance conditions will be disclosed each year in the Annual Report.

Interests: A Performance Right does not confer an interest in a Share or the usual rights attached to Shares such as dividend and voting rights.

Invitation: An invitation to participate in the Plan, performance conditions attaching to Performance Rights and the number of Performance Rights to be granted, is at the discretion of the Board. An eligible participant who receives an offer under the Plan may renounce that offer in favour of a nominee approved by the Board.

Grant/exercise price: There is no amount payable on grant of a Performance Right. The Board may require the payment of an exercise price on exercise of Performance Rights in any offer of the Performance Rights. Currently, there is no plan to require payment of an exercise price on exercise of Performance Rights granted under the Plan.

Performance and vesting conditions: The vesting and exercise of Performance Rights is conditional on the achievement of the performance conditions set out in the terms of the specific grant. In addition, the Board has the discretion to allow vesting of Performance Rights in various circumstances including on the death of the relevant employee, cessation of employment of the relevant employee due to serious illness, disability or retrenchment or where a change of control event (e.g. a takeover) occurs with respect to the Company.

Forfeiture: Performance Rights will lapse immediately in various circumstances including if the relevant performance conditions attaching to them are not satisfied (unless the Board determines otherwise), if there is an unauthorised transfer of the Performance Rights or if a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Company or any related body corporate.

Reconstructions and bonus issues: A Performance Right does not entitle the participant to participate in any rights issue, bonus issue or other Share issue. However, in the event of any bonus issue by the Company, the number of Shares which the participant is entitled to receive on exercise of a Performance Right will be adjusted to reflect the bonus issue as if the participant had exercised the Performance Rights and been allocated Shares in respect of the Performance Rights prior to the record date for the bonus share issue.

Generally, if the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares then, subject to the Listing Rules and the Plan, the number of Performance Rights held by a participant may be adjusted at the discretion of the Board. In the event that an exercise price is payable on exercise of Performance Rights, then the exercise price will be changed in accordance with Listing Rule 6.22.2.

If there is a re-organisation of the issued capital of the Company (including consolidation, sub-division, reduction or return of capital) then the rights of a participant will be adjusted to the extent necessary to comply with the Listing Rules.

5% limit: The Board will ensure that the number of Performance Rights which may be offered under the Plan when aggregated with the number of Shares issued during the previous five years under all employee incentive plans established by the Company (including Shares that are capable of being issued as a result of the exercise of an option or right) but disregarding certain excluded offers will not exceed 5% of the total number of Shares on issue in the Company as at the time of grant of the Performance Rights.

Transfer: Performance Rights may not be transferred except with the consent of the Board. In addition, the Company may, at the time of inviting eligible participants to be granted Performance Rights, elect to place restrictions on the ability of a participant to dispose of, or deal with in any way, any Shares acquired as a result of the exercise of those Performance Rights before a specified date other than as permitted by the Plan such as in the event of a change of control of the Company or the termination or suspension of the Plan.

Shares and quotation: Shares issued on exercise of Performance Rights will rank equally with all existing Shares then on issue. Performance Rights will not be quoted. The Company will apply to ASX for quotation of Shares issued on exercise of Performance Rights.

Administration: The Plan will be administered by the Board, which, subject to the Listing Rules, has the power to suspend, terminate or amend the plan. The full terms of the Plan will be available on the Company's website at www.nw-resources.com.au.

Why is shareholder approval required ?

Listing Rule 7.1 imposes a limit on the number of equity securities (which include Performance Rights) that the Company can issue without shareholder approval. In general terms, the Company may not, without shareholder approval, issue equity securities representing more than 15% of its share capital in a 12 month period.

Exception 9 to Listing Rule 7.2 provides that Listing Rule 7.1 does not apply in respect of an issue of securities under an employee incentive scheme (such as the Plan) that is approved by shareholders within three years from the date of issue of the relevant securities. Approval under this exception lasts for three years.

Recommendation

The non-executive Directors recommend that shareholders vote in favour of this resolution. The non-executive Directors believe that the Plan is an appropriately designed equity based employee scheme having regard to the role of the Plan in the attraction, motivation and retention of key executives and employees.

Mr. Merity, because of his eligibility to participate under the Plan, makes no recommendation in relation to this resolution.

Glossary

ASX means the ASX Limited (ACN 008 624 691)

Board means the board of directors of the Company

Company means Northwest Resources Limited (ACN 107 837 379)

Corporations Act means the Corporations Act 2001 (Cth)

Listing Rule means the ASX Listing Rules as issued or amended from time to time

Performance Right means a right granted to acquire a Share under the Plan (whether by way of issue or transfer, at the Company's election)

Plan means the Northwest Resources Limited Performance Rights Plan

Share means one fully paid ordinary share in the capital of the Company

AGM PROXY FORM



Northwest



Mark this box with ☒ if you are Issuer Sponsored and want to make any changes to your address details (see Note 1 overleaf).

All correspondence to:

Registries Limited
GPO Box 3993
Sydney NSW 2001
Enquiries: 61 2 9290 9600
Facsimile: 61 2 9279 0664
www.registries.com.au

1. Appointment of Proxy

I/We being a shareholder(s) of **Northwest Resources Limited (ACN 107 337 379)** entitled to attend and vote hereby appoint:



The Chairman
of the Meeting
(mark with ☒)

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

or failing him/her

Write here the name of any other person you are appointing.

or failing him/her, or if no proxy is specified above, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at the offices of DLA Phillips Fox, 201 Elizabeth Street, Sydney on Tuesday, 30 November at 10.30am and at any adjournment of that meeting.

This proxy is to be used in respect of

% of the ordinary shares I/we hold.



If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct the Chairman how to vote as your proxy in respect of a resolution, please mark this box with ☒. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman for those resolutions other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote 100% of all open proxies in favour of the resolutions. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

2. Voting Directions to Your Proxy – Please Mark ☒ to Indicate Your Directions

1. **Resolution 1** - Adopt the Remuneration Report

For

☐

Against

☐

Abstain*

☐

2. **Resolution 2** - Re-elect Mr. Peter Richard as a Director

For

☐

Against

☐

Abstain*

☐

3. **Resolution 1** – Approve the Performance Rights Plan

For

☐

Against

☐

Abstain*

☐

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

3. Please Sign Here

This section *must* be signed in accordance with the instructions in Note 4 overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director & Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Director / Company Secretary

Dated this _____ day of _____ 2010

Contact Name

Contact Telephone Number

Instructions for Completing Proxy Form

1. Your Address

Your pre-printed name and address is as it appears on the share register of Northwest Resources Limited (the **Company**). If you are Issuer Sponsored and this information is incorrect, please mark the box at the top of the proxy form and make the correction on the form. Security holders sponsored by a broker on the CHESSE subregister should advise their broker of any changes. Please note you cannot change ownership of your securities using this form.

2. Appointment of a Proxy

A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.

Completion of a proxy form will not prevent individual shareholders from attending the Annual General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Annual General Meeting.

A proxy need not be a shareholder of the Company.

3. Corporate Representatives and Powers of Attorney

If a representative of a company shareholder is to attend the Annual General Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Annual General Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.

If a representative of a shareholder is to attend the Annual General Meeting pursuant to a Power of Attorney, a properly executed original (or certified copy) of an appropriate Power of Attorney should be produced for admission to the Annual General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

4. Signing Instructions

You must sign this form as follows in the spaces provided:

- | | |
|--------------------|--|
| Individual: | Where the holding is in one name, the holder must sign. |
| Joint Holding: | Where the holding is in more than one name, all of the shareholders should sign. |
| Power of Attorney: | If you are signing under a Power of Attorney, you must lodge an original or certified copy of the appropriate Power of Attorney with your completed Proxy Form. |
| Companies: | Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. |

5. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received by the company's share registrar, Registries Limited, **not later than 5.00pm (Sydney time) on Friday, 26 November 2010**. Any Proxy Form received after that time will not be valid for the scheduled meeting. Proxy Forms can be lodged with Registries Limited in person, or by post or facsimile as follows:

- | | |
|-----------------|---|
| In person: | Level 7
207 Kent Street
Sydney NSW 2000 |
| Postal address: | GPO Box 3993
Sydney NSW 2001 |
| Fax number: | (02) 9279 0664 |