

Appendix 3C

Announcement of buy-back (*except* minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity	ABN/ARSN
Northwest Resources Limited	95 107 337 379

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	Selective buy back.
2	⁺ Class of shares/units which is the subject of the buy-back (<i>eg, ordinary/preference</i>)	Ordinary.
3	Voting rights (<i>eg, one for one</i>)	One for one.
4	Fully paid/partly paid (<i>and if partly paid, details of how much has been paid and how much is outstanding</i>)	Fully paid.
5	Number of shares/units in the ⁺ class on issue	214,645,418
6	Whether shareholder/unitholder approval is required for buy-back	Yes

⁺ See chapter 19 for defined terms.

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. On completion of the proposed buy-back, 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.

8 Any other information material to a shareholder's/unitholder's decision whether to accept the offer (eg, details of any proposed takeover bid)

No.
The Notice of Meeting for the Company's Annual General Meeting (at which a resolution to approve this buyback will be considered) will contain the information required by section 257D of the Corporations Act in relation to shareholders' decision to approve this transaction.

On-market buy-back

9 Name of broker who will act on the company's behalf

10 Deleted 30/9/2001.

11 If the company/trust intends to buy back a maximum number of shares - that number

Note: This requires a figure to be included, not a percentage.

12 If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention

13 If the company/trust intends to buy back shares/units if conditions are met - those conditions

Employee share scheme buy-back

14 Number of shares proposed to be bought back

15 Price to be offered for shares

⁺ See chapter 19 for defined terms.

Selective buy-back

- | | | |
|----|--|------------------------|
| 16 | Name of person or description of class of person whose shares are proposed to be bought back | John James Merity |
| 17 | Number of shares proposed to be bought back | 2,500,000 |
| 18 | Price to be offered for shares | No cash consideration. |

Equal access scheme

- | | | |
|----|--|--|
| 19 | Percentage of shares proposed to be bought back | |
| 20 | Total number of shares proposed to be bought back if all offers are accepted | |
| 21 | Price to be offered for shares | |
| 22 | +Record date for participation in offer
Cross reference: Appendix 7A, clause 9. | |

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only:

1. The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.



Sign here:

.....
(Director)

Date: 25/10/2013

Print name:

John J Merity

⁺ See chapter 19 for defined terms.