

ASX RELEASE

18 December 2012

Blue Spec Shear Gold-Antimony Project Update

Northwest Resources Limited (ASX: NWR, "Northwest" or "the Company") is pleased to provide an update on development of the Company's flagship Blue Spec Shear Gold-Antimony Project.

Northwest's vision for its flagship 100% owned Blue Spec Shear Gold-Antimony Project is to bring the Blue Spec and Gold Spec deposits into production in 2013 as a high-grade narrow vein underground mining operation producing a gold enriched antimony concentrate for direct sale and then to expand the project beyond its initial 5 year mine life through the discovery of additional high-grade deposits along the highly mineralised Blue Spec Shear Zone.

Diamond drilling program

As announced to the market in November, Northwest is currently undertaking an infill diamond drilling program at the Blue Spec and Gold Spec deposits, the aim of which is to significantly increase the Indicated component of the current Mineral Resource estimate for Blue Spec and Gold Spec which stands at **646,000 tonnes @ 15.8g/t Au and 1.2% Sb for 328,000 oz Au and 7,900 tonnes Sb**.

The programs are designed to improve the overall confidence in the Blue Spec and Gold Spec geological models and enable a maiden Ore Reserve to be prepared as part of the ongoing definitive feasibility study for the project.

To date, the six deepest holes of the Blue Spec program have been completed and despatched to ALS Laboratories Perth for assaying. All holes have intersected the main Blue Spec Shear ore zone as planned. In addition, the Blue Spec holes have consistently intersected a previously undefined ore zone within a splay shear approximately 20m to the north of the Blue Spec Shear ore zone. Further investigation of this new splay shear including a review of core from earlier diamond drilling programs will be undertaken to evaluate its potential to add to the resource inventory at Blue Spec.

The rate of completion of holes will now increase as shallower holes at Blue Spec and the Gold Spec holes are undertaken. Assay results for the initial holes are expected in January.

Senior staff recruitment

Northwest is pleased to report a number of new senior appointments to the Company's management team have been made.

David Lyon has been appointed as Northwest's Geology Manager.

Mr Lyon has over 14 years in the mining industry with particular experience in high grade, narrow vein underground gold operations. Since moving to Western Australia in 2008, David has held senior roles with Newmont Asia Pacific managing the resource development team at the Jundee underground gold operation. Prior to this, he worked for several years in a special projects role at Goldcorp's flagship underground gold mining operation in Red Lake, Ontario. David is a member of the Association of Professional Geologists of Ontario.

Greg Hardes has been appointed as the Company's Occupational Health, Safety and Environment Manager.

Mr Hardes has over 20 years experience in the mining industry having held a number of senior positions including OHS Manager for Silverlake Resources (Gold - Murchison Project), Apex Minerals (Gold - Wiluna), Aditya Birla (Copper - Nifty) and Registered Manager of Stirling Resources (Gold - Daveyhurst/Mt Ida). In these roles Greg has been involved in the government approvals process, risk management & reduction, and production & logistic strategies for the development of proposed mines, and the resumption of historical operations.

Peter Stockman has been appointed as a senior Geological Adviser to Northwest.

Mr Stockman has over 25 years experience gained in exploration, resource development and operational roles across a broad range of commodities; gold, nickel, uranium, iron ore, tantalum/tin, manganese, copper and gold/copper and is currently employed by Ravensgate as a Principal Consultant. Prior to joining Ravensgate, Peter has held a number of senior technical or geological management positions with several companies including Sinosteel Midwest, Placer Dome (Tanzania), Golden Star Resources, WMC Resources Ltd, Oxiana, ERA (North Ltd), Newcrest, and most recently, Global Advanced Metals. In these roles he has gained extensive experience focussing particularly on system improvements while increasing the geological understanding in operating open cut and underground mines. Peter has been responsible for planning and managing large exploration and resource development projects, working on feasibility study teams and evaluation of new business or acquisition opportunities.

Concentrate off-take discussions

Northwest is pleased to report that numerous overseas parties have expressed interest in securing the off-take rights to future concentrate production from the Blue Spec Shear Gold-Antimony Project confirming the Company's view that the gold-enriched antimony concentrate planned to be produced from the project will be a very attractive product.

The Company, through its marketing agent is progressing discussions with selected parties and due diligence in Australia by potential off-take partners on the Company's project is planned to commence from January.

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Competent Person Statement

The information in this announcement relating to Exploration Results and Mineral Resources is based on information compiled by Mr. Charles Gillman (MAIG) who is a full-time employee of Northwest and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Gillman consents to the inclusion in this announcement of the material based on his information in the form and context in which it appears.