

# ASX RELEASE

9 April 2013

## Camel Creek JV scoping study indicates IRR of over 1,150%

Northwest Resources Limited (ASX: NWR, "Northwest or the Company") is pleased to report the results of a scoping study and preliminary economic assessment of the Company's 50% interest in the Camel Creek Joint Venture. The JV with producer Millennium Minerals Limited (ASX: MOY, "Millennium") was formed in March 2012 to bring Northwest's four Camel Creek Gold Project gold deposits into production.

- The study has confirmed the Camel Creek Joint Venture's ability to deliver significant cash flows to Northwest with minimal pre-development expenditure and no capital expenditure.
- Importantly, the scoping study evaluated only three of the four JV deposits and did not take into account potential extensions and new discoveries through exploration. Northwest and Millennium believe that further exploration will deliver additional ounces to the JV.

Scoping study highlights include:

	Northwest's 50% Joint Venture interest
Recovered ounces:	24,680 oz
Cumulative cash (after tax):	\$16.4 million
NPV (@ 10%):	\$13.9 million
IRR:	1,152%
Gold price:	USD \$1,600 per oz (AUD \$1,538)
Joint Venture costs per oz recovered:	\$912 per oz
Mining period:	32 months

It should be noted that the scoping study is based on low-level technical and economic assessments, and is insufficient to support the estimation of Ore Reserves for the Camel Creek Joint Venture or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping study will be realised.

The catalyst for the scoping study was the commencement of commercial gold production from Millennium's Nullagine treatment plant in February 2013 following the first gold pour in October 2012. Since commissioning, Millennium's mining, milling and recovery rates have been consistently above its feasibility forecasts.

A small amount of work is required to be conducted by the JV to complete maiden Ore Reserve estimates which will confirm the economic development case for the JV deposits evaluated in the scoping study:

- A planned 5,000m RC infill drilling program to convert the small portion of Inferred Mineral Resources (20%) to Measured & Indicated at the three largest JV deposits and to test the potential to significantly expand the fourth deposit (Round Hill - currently the smallest but highest grade).
- Preparation of an upgraded Mineral Resource estimate by CSA Global Pty Limited.
- A mining study and pit optimisations by Auralia Mining Consultants to prepare Ore Reserve estimates for the Little Wonder, Roscoe's Reward and Junction JV deposits. Auralia previously prepared Millennium's mining studies and Ore Reserve estimates for its project.

Northwest is evaluating strategic options with respect to its Camel Creek Joint Venture interest to enable this valuable asset to contribute significantly to the financing requirements for the Company's flagship high-grade Blue Spec Shear Gold-Antimony Project.

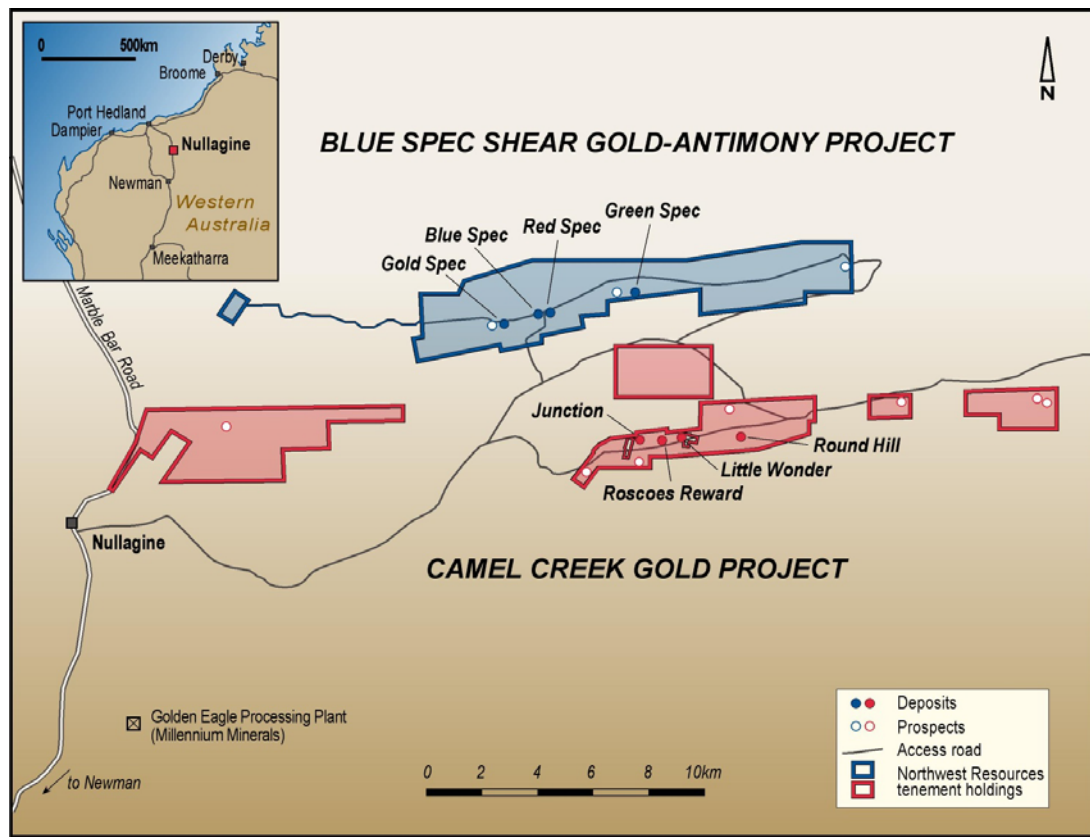
## BACKGROUND

Northwest's Camel Creek Gold Project is located in the Nullagine Goldfield between Newman and Marble Bar in WA's Pilbara. There are currently four near surface, low grade, free milling gold deposits defined with a current total JORC compliant Mineral Resource of 105,000oz of gold (2.67Mt @ 1.23g/t Au). There is no antimony present in the Camel Creek deposits and they are located on granted mining leases.

Under the terms of the Camel Creek Joint Venture with Millennium, Northwest contributes the four gold deposits in its project and Millennium contributes its management, mining capability and processing plant located in the Nullagine Goldfield. The parties are each entitled to 50% of the physical gold production from the JV and will share equally the mining, processing and rehabilitation costs. The Company is not required to contribute any capital expenditure to Millennium or the JV.

Millennium operates the Nullagine Gold Project which commenced gold production in October 2012 from a newly constructed nameplate 1.5 Mtpa CIL processing plant (located approximately 20kms from Northwest's Camel Creek Gold Project). The project has an initial 7.5 year mine life based on current reserves and is forecast to produce approximately 80,000 oz per annum at an average grade of approximately 1.4g/t Au. The project is based around the Golden Eagle deposit which will provide ~65% of plant feed annually over the life of Millennium's project with numerous satellite deposits contributing ~35% of throughput annually.

Given the difference in grade and mineralisation style between Northwest's high-grade Blue Spec Shear gold-antimony deposits and the low grade gold deposits in the Company's nearby Camel Creek Gold Project, those deposits were not part of Northwest's development plans for the Blue Spec Shear Gold-Antimony Project. The Camel Creek gold deposits were, however, a natural fit with Millennium's Nullagine Gold Project, sharing the same geology and mineralisation style as Millennium's satellite deposits also located along the Camel Creek Trend.



*Northwest's Nullagine Goldfield projects*

## SCOPING STUDY

The scoping study evaluated a mining operation based on the terms of the Camel Creek Joint Venture under which:

- The JV deposits (other than Little Wonder) are developed as individual open pit mines. Little Wonder and Millennium's contiguous and similarly named Little Wonder deposit will be combined and mined as one pit.
- Millennium will manage the JV and undertake the mining, treatment and rehabilitation of the JV deposits. Millennium will provide the use of all its mining fleet to develop the deposits and JV ore will be processed through Millennium's Nullagine treatment plant.
- JV ore will be blended with ore from Millennium's Golden Eagle deposit during processing. The JV has adopted rigorous reconciliation processes to manage the blending.
- Gold dore will be produced on site for refining at the Perth Mint. The parties will be entitled to take 50% each of the bullion produced from the JV deposits.
- Mining and treatment of ore from the JV deposits will occur after the mining and treatment of ore from Millennium's Golden Gate deposit (the first Millennium satellite to be mined) but before mining and treatment of ore from any of Millennium's other satellite deposits.

## SCOPING STUDY PRODUCTION TARGETS

The production targets set out in Table 1 below are based solely on the Measured & Indicated components of the Mineral Resource estimate for the Little Wonder, Roscoe's Reward and Junction JV deposits which stands at 77,300 oz gold. The fourth joint venture deposit, Round Hill, requires further drilling to assess its potential for development.

The Mineral Resource estimate used for the production targets was prepared by CSA Global Pty Limited, an independent Competent Person. The full Mineral Resource estimate for the Camel Creek Joint Venture is set out in the Appendix. The proportions of Measured and Indicated Mineral Resources used for the production targets are graphically represented below.

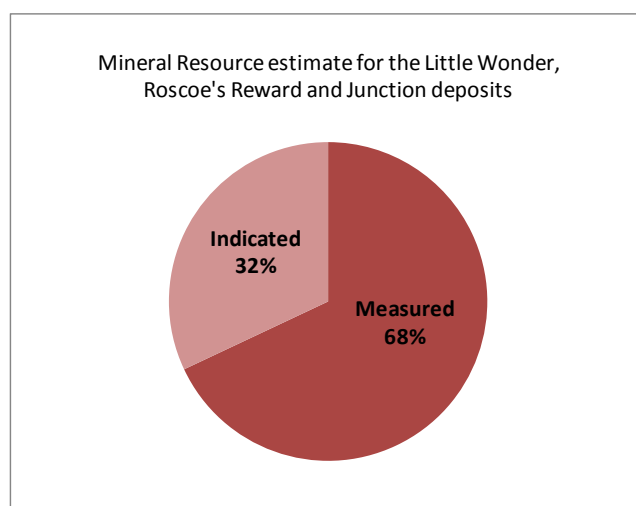


Table 1: Production targets

Total JV tonnes mined:	1.32 Mt
Average grade:	1.25 g/t Au
Processing rate:	595,000 tpa
Metallurgical recovery:	93%
Total recovered ounces:	49,360 oz
Northwest share of recovered ounces:	24,680 oz
Mining period:	32 months

### Material assumptions used in the preparation of the production targets

- Conversion of 75% of the Measured Mineral Resources and 55% of the Indicated Mineral Resources to mining reserves.
- Processing of 595,000 tonnes of JV ore per annum. This is based on Millennium's current (and CY 2013 targeted) processing rate of 1.7 Mtpa and Millennium sourcing approximately 65% of its annual treatment plant throughput from its main Golden Eagle deposit with approximately 35% of its annual throughput sourced from its higher grade oxide satellite deposits, including the JV deposits.

- Metallurgical recoveries through the Millennium treatment plant of 93% which reflects Millennium's current reported gold recoveries.
- The combined "Little Wonder" pit is the first JV deposit to be mined followed by Roscoe's Reward and then Junction. The non JV production from Millennium's Little Wonder deposit assumes the latest reserve estimates reported by Millennium.

#### PRELIMINARY ECONOMIC ASSESSMENT

The forecast financial information set out in Table 2 is derived from the production targets for the Camel Creek Joint Venture detailed in Table 1 above.

Table 2: Forecast financial information

	Northwest's 50% Joint Venture interest
Cumulative cash (after tax):	\$16.4 million
NPV (@ 10%):	\$13.9 million
IRR:	1,159%
Gold price:	USD \$1,600 per oz (AUD \$1,538)
Exchange rate:	1 AUD = 1.04 USD
Joint Venture costs per oz recovered:	\$912 per oz
Northwest total costs per oz recovered:	\$925 per oz (includes the Joint Venture costs)

#### Material assumptions used in the preliminary economic assessment

- JV costs are limited to the direct mining, processing and rehabilitation costs relating to the JV deposits plus limited JV site administrative costs.

(AUD)	Cost per tonne	Cost per oz
Mining	\$19.70	\$528
Processing	\$9.50	\$255
JV site administration	\$2.00	\$54
<b>Sub-total</b>		<b>\$837</b>
Rehabilitation	\$1.00	\$27
State government royalty	-	\$33
Pre production	-	\$16
<b>Joint Venture costs</b>	<b>\$32.20</b>	<b>\$912</b>

The JV cost estimate is based on Millennium's forecast C1 cash costs for CY 2013 of between \$785-829 per oz. C1 cash costs represent costs for mining, processing and site administration costs less the net value of by-product credits.

- Northwest's total cost assumes direct costs of \$13 per oz in addition to the JV costs.
- The IRR calculation is based on Northwest's estimate of pre-production JV expenditure of approximately \$800,000 (Northwest's share \$400,000) relating to drilling, mining studies and approvals. Northwest is not required to contribute any capital to the JV or Millennium.

### Sensitivity analysis

The cumulative cash, NPV and IRR for various gold price and cost assumptions are set out in the tables below.

Table 3: Gold price per oz

USD	\$1,400	\$1,500	Base Case \$1,600	\$1,700	\$2,000
Cumulative cash (AUD \$M):	\$11.4	\$13.9	\$16.4	\$18.9	\$26.5
NPV (@ 10%) (AUD \$M):	\$9.6	\$11.8	\$13.9	\$16.0	\$22.4
IRR:	809%	980%	1,152%	1,323%	1,836%

*Assumes Northwest total costs per recovered oz of AUD\$925 per oz*

Table 4: Northwest's total costs per oz recovered

AUD	\$832 (-10%)	Base Case \$925	\$1,017 (+10%)
Cumulative cash (AUD \$M):	\$18.9	\$16.4	\$14.0
NPV (@ 10%) (AUD \$M):	\$16.0	\$13.9	\$11.8
IRR:	1,465%	1,152%	896%

*Assumes gold price of USD\$1,600 per oz (AUD \$1,538)*

### TIMING OF CASH FLOWS FROM THE CAMEL CREEK JOINT VENTURE

Northwest and Millennium have fixed the order of the mining of the Joint Venture deposits relative to Millennium's own satellite deposits rather than attempting to fix a specific time for mining of the Joint Venture deposits to commence. The JV deposits will be mined after Millennium's Golden Gate satellite deposit (the first Millennium satellite to be mined) but before any of Millennium's other satellite deposits.

At the time of entering into the Camel Creek Joint Venture, mining and processing of the JV deposits was expected to commence in January 2015 based on Millennium's mining schedule and nominal plant throughput of 1.5 Mtpa. As a result of Millennium operating at a higher reported processing rate of 1.7 Mtpa (and with a target of up to 2.0 Mtpa), the timing of JV mining could be brought forward.

#### ADDITIONAL EXPLORATION POTENTIAL

Only three of the JV deposits (Little Wonder, Roscoes Reward & Junction) have been included in the scoping study and preliminary economic analysis. The fourth JV deposit, Round Hill requires further drilling to assess its potential above Northwest's 2006 Mineral Resource estimate.

JV drilling in 2012 expanded the size of the Roscoe's Reward, Junction, and Little Wonder deposits by between 87-195% over their respective 2006 Mineral Resource estimates. It is expected that Northwest's 2006 Mineral Resource estimate for Round Hill will be similarly expanded by the planned drilling and will lead to its inclusion in the JV mining schedule adding additional ounces to the JV.

The Camel Creek Joint Venture relates only to the development of the initial four deposits. Northwest retains exclusive ownership, exploration and development rights on its tenements outside of the four specified deposits.

Northwest and Millennium have identified a number of prospects on Northwest's Camel Creek tenements which are not part of the JV. Further deposits can be added to the JV by agreement and the parties believe that further exploration will deliver additional ounces to the JV.

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## About Northwest

Northwest Resources Limited is an Australian mineral exploration and development company with two gold projects located in the Nullagine Goldfield in Western Australia's Pilbara region.

### *Blue Spec Shear Gold-Antimony Project (100%)*

Northwest's vision for its flagship project is to bring the high-grade Blue Spec and Gold Spec deposits into production as a narrow vein underground mining operation producing a gold enriched antimony concentrate for direct sale. The Blue Spec & Gold Spec deposits have a current JORC compliant Mineral Resource estimate of **328,000 oz of gold and 7,900 tonnes of antimony** (646Kt @ 15.8g/t Au and 1.2% Sb). The Blue Spec Shear Zone is a highly mineralised corridor which is underexplored outside the immediate Blue Spec-Golden Spec area. Northwest believes that the initial 5 year project life based on development of the Blue Spec and Gold Spec deposits can be substantially increased through discovery of additional high-grade deposits along the shear.

In September 2012, Northwest released a very robust Scoping Study and Preliminary Economic Evaluation of the Blue Spec Shear Gold-Antimony Project which indicated that the project had an NPV (@ 12%) of \$137M, an IRR of 62% and could generate pre tax cumulative cash of \$220M and capital plant & equipment costs of \$34M. Northwest is in the final stages of a Definitive Feasibility Study for the project.

### *The Camel Creek Gold Project (50% Current Mineral Resources; 100% exploration rights)*

The project contains four shallow open pit gold deposits with a total JORC compliant Mineral Resource estimate of **105,000oz of gold** (2.67Mt @ 1.23g/t Au). In 2012, Northwest finalised a production joint venture with established miner Millennium Minerals Limited (ASX code: MOY) to bring the Camel Creek deposits into production. Under the joint venture Northwest contributes the four existing gold deposits in the project and Millennium contributes its mining capability and processing plant located in the Nullagine Goldfield. The parties are each entitled to 50% of the physical gold production from the Camel Creek deposits and will share equally the joint venture mining, processing and rehabilitation costs.

## APPENDIX

## Camel Creek Gold Project Mineral Resource estimate

Reported JORC compliant Mineral Resources for the Camel Creek Gold Project are set out below. The Mineral Resource estimates for Roscoe's Reward, Junction, and Little Wonder were prepared by CSA Global Pty Limited in 2012. The Mineral Resource estimate for Round Hill was prepared by Geostat Services Pty Limited in 2006. Each of the deposits is a near surface, oxide ore body amenable to open pit mining.

Deposit	Category	Tonnage	Grade	Oz Au
Roscoes Reward 0.5g/t Au cut-off (2012)	Measured	638,000	1.21	24,700
	Indicated	517,000	1.11	18,400
	<b>Total M &amp; I</b>			<b>43,100</b>
	Inferred	528,000	0.93	15,800
	<b>Total</b>	<b>1,683,000</b>	<b>1.09</b>	<b>58,900</b>
Little Wonder 0.5g/t Au cut-off (2012)	Measured	408,000	1.32	17,300
	Indicated	127,000	0.93	3,800
	<b>Total M &amp; I</b>			<b>21,100</b>
	Inferred	76,000	0.82	2,000
	<b>Total</b>	<b>611,000</b>	<b>1.18</b>	<b>23,100</b>
Junction 0.5g/t Au cut-off (2012)	Measured	202,000	1.65	10,800
	Indicated	60,000	1.18	2,300
	<b>Total M &amp; I</b>			<b>13,100</b>
	Inferred	52,000	1.15	1,900
	<b>Total</b>	<b>314,000</b>	<b>1.48</b>	<b>15,000</b>
Round Hill 1.0g/t Au cut-off (2006)	Measured	-	-	-
	Indicated	18,000	4.80	2,700
	<b>Total M &amp; I</b>			<b>2,700</b>
	Inferred	44,000	4.00	5,300
	<b>Total</b>	<b>62,000</b>	<b>4.30</b>	<b>8,000</b>
<b>Global Joint Venture Mineral Resource</b>		<b>2,670,000</b>	<b>1.23</b>	<b>105,000</b>
<b>Global Joint Venture M &amp; I</b>				<b>80,000</b>
<b>Northwest Joint Venture Share</b>				<b>52,500</b>

## Notes:

1. Discrepancies in summations will occur due to rounding.
2. Northwest attribution 50% under Camel Creek Joint Venture (Millennium Minerals Limited 50%)
3. All deposits estimated using ordinary kriging (OK) methodology for grade estimation.
4. Grade shell models constrained to geological models for each deposit and defined by a minimum 2m true width.
5. Grade shells constructed based on complimenting 5m sectional and fitch-based interpretations. Wireframe models stitched and validated using both Gemcom and Surpac 3D geological modelling software.

### Competent Person Statements

The information in this announcement relating to production targets and economic analysis is based on information compiled by Mr. Allan King (AusIMM). Mr. King is a full-time employee of the Company 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" (JORC Code). Mr. King consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the Mineral Resources listed in the table below is based on work compiled by the person whose name appears in the same row, who is employed on a full-time basis by the employer named in that row and is a member of the institute named in that row. Each person named in the table below has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he or she has undertaken to qualify as a Competent Person as defined by JORC Code. Each person named in the table below consents to the inclusion in this announcement of the matters based on his or her information in the form and context in which they appear.

Resource	Competent Person	Employer	Institute
Junction	Beilin Shi	CSA Global Pty Ltd	Aust IMM
Roscoes Reward	Beilin Shi	CSA Global Pty Ltd	Aust IMM
Little Wonder	Beilin Shi	CSA Global Pty Ltd	Aust IMM
Round Hill	Fleur Muller	Geostat Services Pty Ltd	Aust IMM

### Forward Looking Statements

Certain statements in this announcement, including statements regarding the future financial or operating performance of the Company or exploration potential of its projects, and estimates, projections and assumptions in respect of gold and antimony production, metal prices, operating costs, capital expenditures, mineral reserves, mineral resources, anticipated grades and recovery rates and mineralisation targets constitute forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions related to future business, technical, economic, legal, contractual, market, political, social and other conditions that, while considered reasonable by the Company, are inherently subject to significant uncertainties and contingencies. Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Readers of this announcement are cautioned that forward looking statements are not guarantees of future performance.