



**Northwest**  
Resources Limited

# QUARTERLY REPORT

For the period ending 30 June 2014

## BLUE SPEC SHEAR GOLD- ANTIMONY PROJECT

As previously disclosed in the March Quarterly report, Northwest continues to engage with parties which have sought access to the Company's confidential technical and corporate information relating to the project, with the view to evaluating a possible future transaction.

In the current market conditions for gold explorers, Northwest is not alone in finding its efforts to conclude a transaction protracted by the difficult market and necessarily cautious interested parties.

Notwithstanding this, Northwest is confident of concluding a transaction in the near term.

The Blue Spec and Gold Spec deposits have a Mineral Resource of 415,000t @ 15.8g/t Au for 219,000oz of gold and 1.3% Sb for 5,200 of contained antimony which includes Indicated Resources of 151,000t @ 21.7g/t Au for 106,000oz of gold which represent the highest grade deposits in the Nullagine Goldfield.

In addition, the Company's project tenement package also contains the most prospective exploration ground in the goldfield, covering approximately 14kms of the largely untested Blue Spec shear zone.

Both the high-grade nature of the project and its exploration potential presents a strategic opportunity in the rapidly developing Nullagine Goldfield with its established mining and processing operations.

## CAMEL CREEK GOLD PROJECT

Following the end of the June Quarter, the Company announced the sale of its Camel Creek Gold Project (see ASX announcements dated 29 July 2014).

The sale was prompted by the Ore Reserve downgrade for the Camel Creek Joint Venture released by Northwest's joint venture partner in March 2014 and followed an evaluation by the Company of the project's ability to generate future cash flow for Northwest.

The Board believes the sale terms achieved by the Company represent a solid return on investment in the project and the sale allows Northwest to focus on its plans for the Blue Spec Shear Gold-Antimony Project.

## CORPORATE

The Company has continued its efforts to reduce non-essential administrative and exploration expenditure across its business including the redundancy of the senior Blue Spec project technical team.

The net cash proceeds from the sale of the Camel Creek Gold Project of \$175,000 together with a \$75,000 loan facility and the disposal of non-core assets will enable Northwest to implement its ongoing corporate plans.

## MINERAL RESOURCES & ORE RESERVES

Northwest's reported JORC compliant Mineral Resource & Ore Reserve estimates for the Blue Spec Shear Gold-Antimony Project and the Camel Creek Gold Project are set out in Appendix 1.

## MINING TENEMENTS

A list of the mining tenements held by Northwest and its subsidiaries is set out in Appendix 2.

### Competent Person Statement

The information in this report relating to exploration results 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" (2004 JORC Code). Mr. Gillman consents to the inclusion in this report of the material based on his information in the form and context in which it appears.

## APPENDIX 1

## Mineral Resources &amp; Ore Reserves

Mineral Resources and Ore Reserves have been reported in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve and the 2004 edition.

All Mineral Resources are inclusive of Ore Reserves. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

## Mineral Resources

## Blue Spec Shear Gold-Antimony Project

Deposit	Resource Category	Tonnes (t)	Grade Au (g/t)	Contained Au (oz)	Grade Sb (%)	Contained Sb tonnes (t)
Blue Spec 3.0g/t Au cut-off	Indicated	84,000	29.1	79,000	2.2	1,900
	Inferred	234,000	12.2	92,000	0.9	2,200
	<b>Total</b>	<b>318,000</b>	<b>16.7</b>	<b>171,000</b>	<b>1.3</b>	<b>4,100</b>
Golden Spec 3.0g/t Au cut-off	Indicated	67,000	12.4	27,000	1.1	700
	Inferred	30,000	21.6	21,000	1.4	400
	<b>Total</b>	<b>97,000</b>	<b>15.2</b>	<b>48,000</b>	<b>1.2</b>	<b>1,100</b>
<b>Total</b>		<b>415,000</b>	<b>16.3</b>	<b>219,000</b>	<b>1.3</b>	<b>5,200</b>

Deposit	Resource Category	Tonnes (t)	Grade Au (g/t)	Contained Au (oz)	Grade Sb (%)	Contained Sb tonnes (t)
Red Spec 1.0g/t Au cut-off	Indicated	160,000	1.8	9,200	0.01	20
	Inferred	130,000	2.0	8,300	0.01	10
	<b>Total</b>	<b>290,000</b>	<b>1.9</b>	<b>17,500</b>	<b>0.01</b>	<b>30</b>
Green Spec 0.5g/t Au cut-off	Indicated	73,000	3.6	8,400	1.1	800
	Inferred	29,000	2.1	1,900	1.0	300
	<b>Total</b>	<b>102,000</b>	<b>3.2</b>	<b>10,300</b>	<b>1.1</b>	<b>1,100</b>

## Camel Creek Gold Project

	Resource Category	Tonnes (t)	Grade Au (g/t)	Contained Au (oz)
Roscoes Reward 0.5g/t Au cut-off	Measured	638,000	1.2	24,800
	Indicated	517,000	1.1	18,400
	Inferred	528,000	0.9	15,800
	<b>Total</b>	<b>1,683,000</b>	<b>1.1</b>	<b>59,000</b>
Little Wonder 0.5g/t Au cut-off	Measured	408,000	1.3	17,300
	Indicated	127,000	0.9	3,800
	Inferred	76,000	0.8	2,000
	<b>Total</b>	<b>611,000</b>	<b>1.2</b>	<b>23,100</b>
Junction 0.5g/t Au cut-off	Measured	202,000	1.7	10,700
	Indicated	60,000	1.2	2,300
	Inferred	52,000	1.2	1,900
	<b>Total</b>	<b>314,000</b>	<b>1.5</b>	<b>14,900</b>
Round Hill 1.0g/t Au cut-off	Indicated	18,000	4.8	2,800
	Inferred	44,000	4.0	5,700
	<b>Total</b>	<b>62,000</b>	<b>4.3</b>	<b>8,500</b>
<b>Total *</b>		<b>2,670,000</b>	<b>1.2</b>	<b>105,500</b>

Note: Northwest attribution 50% under the Camel Creek Joint Venture (Millennium Minerals Ltd - 50%).

## Ore Reserves

## Camel Creek Gold Project (March 2014)

Deposit	Proven		Probable		Total		
	Ore (t)	Grade (g/t Au)	Ore (t)	Grade (g/t Au)	Ore (t)	Grade (g/t Au)	Metal (oz Au)
Little Wonder	184,200	1.6	4,800	1.6	189,000	1.6	11,200
Junction	86,000	2.3	8,600	2.4	96,600	2.3	7,000
Roscoes Reward	306,400	1.4	46,400	1.3	352,800	1.4	15,200
<b>Total *</b>					<b>638,400</b>	<b>1.6</b>	<b>33,400</b>

Note: Northwest attribution 50% under the Camel Creek Joint Venture (Millennium Minerals Ltd - 50%).

## APPENDIX 2

## Mining Tenements

Tenement	Locality	Interest %	Tenement	Locality	Interest %
L46/22	Nullagine, WA	100	PL 46/1674 *	Nullagine, WA	100
L46/24	Nullagine, WA	100	PL 46/1675 *	Nullagine, WA	100
L46/109	Nullagine, WA	100	PL 46/1676 *	Nullagine, WA	100
ML 46/57 *	Nullagine, WA	100	PL 46/1677	Nullagine, WA	100
ML 46/115 **	Nullagine, WA	100	PL 46/1678	Nullagine, WA	100
ML 46/165 **	Nullagine, WA	100	PL 46/1679	Nullagine, WA	100
ML 46/166 *	Nullagine, WA	100	PL 46/1680	Nullagine, WA	100
ML 46/167 *	Nullagine, WA	100	PL 46/1681	Nullagine, WA	100
ML 46/182 *	Nullagine, WA	100	PL 46/1682	Nullagine, WA	100
ML 46/244	Nullagine, WA	100	PL 46/1683	Nullagine, WA	100
ML 46/442 *	Nullagine, WA	100	PL 46/1684	Nullagine, WA	100
PL 46/1607	Nullagine, WA	100	PL 46/1698	Nullagine, WA	100
PL 46/1608	Nullagine, WA	100	PL 46/1699	Nullagine, WA	100
PL 46/1609	Nullagine, WA	100	PL 46/1700	Nullagine, WA	100
PL 46/1610	Nullagine, WA	100	PL 46/1701	Nullagine, WA	100
PL 46/1611	Nullagine, WA	100	PL 46/1702	Nullagine, WA	100
PL 46/1669	Nullagine, WA	100	PL 46/1703 *	Nullagine, WA	100
PL 46/1670 *	Nullagine, WA	100	PL 46/1704 *	Nullagine, WA	100
PL 46/1671 *	Nullagine, WA	100	PL 46/1705 *	Nullagine, WA	100
PL 46/1672 *	Nullagine, WA	100	PL 46/1706 *	Nullagine, WA	100
PL 46/1673 *	Nullagine, WA	100			

- L        Miscellaneous Licence  
 ML      Mining Lease  
 PL      Prospecting Licence  
 \*        Subject to RSI royalty  
 \*\*      Subject to St. Barbara royalty

## ASX Listing Rules Appendix 5B

Mining exploration entity quarterly cash flow report

Name of entity

Northwest Resources Limited

ABN

95 107 337 379

Quarter ended ("current quarter")

30 June 2014

## Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(158)	(2,000)
(b) development	-	-
(c) production	-	-
(d) administration	(164)	(1,240)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	18
1.5 Interest and other costs of finance paid	-	(99)
1.6 Income taxes paid (refund)	-	1,276
1.7 GST	3	60
<b>Net Operating Cash Flows</b>	<b>(324)</b>	<b>(1,985)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(2)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	10	10
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	14
<b>Net investing cash flows</b>	<b>10</b>	<b>22</b>
1.13 Total operating and investing cash flows (carried forward)	(314)	(1,963)
1.14 Total operating and investing cash flows (brought forward)	(314)	(1,963)

<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	2,530
1.17	Repayment of borrowings	-	(600)
1.18	Dividends paid	-	-
1.19	Other - Costs of financing	-	(220)
<b>Net financing cash flows</b>		-	1,710
<b>Net increase (decrease) in cash held</b>		(314)	(253)
1.20	Cash at beginning of quarter/year to date	368	307
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	54	54

## Payments to directors of the entity and associates of the directors

## Payments to related entities of the entity and associates of the related entities

		Current quarter
		\$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	98
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	

1.23 - Executive director salary and Non-Executive directors' fees

## Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

## Financing facilities available

Add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities *	1,930	1,930
3.2 Credit standby arrangements	-	-

\* This is a royalty financing facility (see ASX announcement 23/9/2013). There is no obligation to make principal or interest repayments before the royalty obligation arises. Future royalty payments are credited against the loan amount and accrued interest.

## Estimated cash outflows for next quarter \*

	\$A'000
4.1 Exploration and evaluation	65,000
4.2 Development	
4.3 Production	
4.4 Administration	85,000
<b>Total</b>	<b>150,000</b>

\* Estimated cash outflows next quarter will be predominantly funded by proceeds from the Camel Creek Gold Project sale, the loan facility extended to the Company and non-core asset disposals.

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	54	368
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: Cash at end of quarter (item 1.22)</b>	<b>54</b>	<b>368</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			



	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.2	Interests in mining tenements acquired or increased	Nil		

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	197,145,418	197,145,418		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	15,000,000			
7.5	+Convertible debt securities	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options	3,000,000 1,000,000		<i>Exercise price</i> 25.0 cents each 16.5 cents each	<i>Expiry date</i> 28/11/2014 28/11/2014
7.8	Issued during quarter				
7.9	Exercised during quarter				

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.10	Expired during quarter				
7.11	<b>Performance Rights</b> <i>(totals only)</i>				<i>Vesting date</i>
		1,000,000			22/12/2014
		2,000,000			24/01/2015
		600,000			27/06/2016
		600,000			27/06/2016
7.12	Issued during quarter				
7.13	Vested during quarter				
7.14	Expired during quarter				

## Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Date: 31 July 2014



**John J. Merity**  
Managing Director

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. Issued and quoted securities: The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4. The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows applies to this report.
5. Accounting Standards: ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.