



# QUARTERLY REPORT

For the period ending 31 December 2014

## BLUE SPEC SHEAR GOLD-ANTIMONY PROJECT

The second half of 2014 proved to be a frustrating period for the Company's attempts to conclude a sale of its Blue Spec Shear Gold-Antimony Project.

In the prevailing market conditions, Northwest was not alone in finding its efforts to conclude a transaction protracted by the difficult market and necessarily cautious interested parties.

During the quarter, the Company discontinued discussions with the two Australian parties which submitted non-binding indicative offers to acquire the Blue Spec Shear Gold-Antimony Project in the September quarter. After evaluation, in each case, the Board viewed the offers as significantly undervaluing the project.

Northwest has now entered into a period of exclusivity with another Australian group and is in confidential advanced discussions relating to a development proposal for the project.

With the positive impact of the falling Australian dollar on gold projects, the Board believes the current development proposal could deliver a significantly greater return to the Company's shareholders over a sale of the project.

The Blue Spec and Gold Spec deposits within the project have a Mineral Resource estimate 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. These deposits are 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.

Northwest cautions that there can be no certainty that the current development proposal and the exclusive negotiations will lead to the Company completing a transaction in relation to the project.

## CORPORATE

### *Royalty income*

Northwest advises that it expects to receive a significant post tax cash flow this year from a royalty held over a portion of the Barton gold deposit. The deposit is an important part of Millennium Minerals' (ASX: MOY) Nullagine Gold Project and Millennium has announced that it is bringing forward the development of the deposit to the first half of this year.

Millennium is expected to release an updated ore reserve estimate and mining plan for its project which will incorporate the Barton deposit this quarter. This information will enable Northwest to determine accurately the amount, timing and duration of future monthly royalty payments.

#### *Working capital*

Northwest expects to shortly conclude the terms of working capital facility to fund the Company's ongoing limited working capital requirements until the commencement of the Barton royalty income stream.

The Company's overheads have been dramatically reduced over the last 12 months and the Company has undertaken a program to dispose of non-core assets to fund the Company's working capital.

#### *Quotation of securities*

Northwest's ordinary shares remain suspended due the failure of the Company to lodge its Statutory Audited Annual Accounts with ASX on 30 September 2014. This is a matter of great regret to the Board.

The difficult decision of the Company to delay the finalisation of the Company's 2014 accounts resulted from the material uncertainty surrounding the outcome of the Blue Spec Shear Gold-Antimony project sale process and consequently the Company's future.

The Company is moving the transaction process relating to the Blue Spec Shear Gold-Antimony project forward as quickly as possible and is working diligently towards a re-listing of its shares by the end of the quarter.

## MINERAL RESOURCES

Northwest's reported JORC compliant Mineral Resource estimates for the Blue Spec Shear Gold-Antimony 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.

## APPENDIX 1

## Mineral Resources

Mineral Resources 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 tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

## 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>

## APPENDIX 2

## Mining Tenements

Tenement	Locality	Interest %	Tenement	Locality	Interest %
L46/22	Nullagine, WA	100	PL 46/1678	Nullagine, WA	100
L46/24	Nullagine, WA	100	PL 46/1679	Nullagine, WA	100
L46/109	Nullagine, WA	100	PL 46/1680	Nullagine, WA	100
ML 46/115	Nullagine, WA	100	PL 46/1681	Nullagine, WA	100
ML 46/165	Nullagine, WA	100	PL 46/1682	Nullagine, WA	100
ML 46/244	Nullagine, WA	100	PL 46/1683	Nullagine, WA	100
PL 46/1607	Nullagine, WA	100	PL 46/1684	Nullagine, WA	100
PL 46/1608	Nullagine, WA	100	PL 46/1698	Nullagine, WA	100
PL 46/1609	Nullagine, WA	100	PL 46/1699	Nullagine, WA	100
PL 46/1610	Nullagine, WA	100	PL 46/1700	Nullagine, WA	100
PL 46/1611	Nullagine, WA	100	PL 46/1701	Nullagine, WA	100
PL 46/1669	Nullagine, WA	100	PL 46/1702	Nullagine, WA	100
PL 46/1677	Nullagine, WA	100			

**Notes:**

*L - Miscellaneous Licence*

*ML - Mining Lease*

*PL - Prospecting Licence*

*Royalties - All tenements other than miscellaneous licences are subject to the RSI royalty. In addition, ML 46/115 and ML 46/165 are subject to the 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")

31 December 2014

## Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	(32)	(128)
(b) development	-	-
(c) production	-	-
(d) administration	(79)	(188)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid (refund)	-	-
1.7 Other	68	87
<b>Net Operating Cash Flows</b>	<b>(43)</b>	<b>(229)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	175
(b) equity investments	-	-
(c) other fixed assets	17	17
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	17	192
1.14 Total operating and investing cash flows (brought forward)	(26)	(37)

<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	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - Costs of financing	-	-
<b>Net financing cash flows</b>		-	-
<b>Net increase (decrease) in cash held</b>		(26)	(37)
1.20	Cash at beginning of quarter/year to date	43	54
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>17</b>	<b>17</b>

## 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	54
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	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter \*

	\$A'000
4.1 Exploration and evaluation	10,000
4.2 Development	
4.3 Production	
4.4 Administration	25,000
<b>Total</b>	<b>35,000</b>

\* Estimated cash outflows next quarter will be predominantly funded by loan facility outlined in quarterly report.

## 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	17	43
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>17</b>	<b>43</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	-		
6.2	Interests in mining tenements acquired or increased	-		

## 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				
7.5	+Convertible debt securities	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				



	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	3,000,000 1,000,000		25.0 cents each 16.5 cents each	
7.11 Performance Rights (totals only)				<i>Vesting date</i>
	600,000 600,000			27/06/2016 27/06/2016
7.12 Issued during quarter				
7.13 Vested during quarter				
7.14 Expired during quarter	1,000,000 2,000,000			

## 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: 30 January 2015



**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.