

QUARTERLY REPORT

For the period ending 31 March 2012



Highlights

- Diamond drilling at Blue Spec and Golden Spec for metallurgical samples completed
- Metallurgical testwork programme commenced
- Mining studies commenced
- Updated Mineral Resource estimate for Camel Creek Joint Venture expected next quarter

Exploration and Development Activities

Diamond drilling at Blue Spec and Golden Spec

During the quarter, Northwest completed a diamond drilling programme at its high grade Blue Spec and Golden Spec gold-antimony deposits to recover core samples for metallurgical testing.

The drilling program comprised 22 holes for 2,595 and was directed at the Blue Spec Upper Zone, the Blue Spec Remnant Zone and Golden Spec. See Figure 1 overleaf.

In the Blue Spec Upper Zone, three HQ parent holes (total 1,242m) were completed with intercepts at 17mRL, 20mRL and 18mRL (387m vertical depth (VD), 390m VD, 352m VD respectively). Seven NQ wedges off the parent holes were also completed (total 272m) with minimal separation from parent holes.

In the Blue Spec Remnant Zone, two PQ parent holes (total 300m) were completed with intercepts at 222mRL and 230mRL (148m VD and 140m VD respectively). Two HQ wedges off each parent hole were also completed (4 holes; 140m) with minimal separation from the parent holes.

At Golden Spec, two PQ parent holes (total 450m) were completed with intercepts 35m and 70m vertically below extent of historical workings at Golden Spec Main shoot (214mRL and 182mRL; 156m VD and 188m VD). Two HQ wedges off each parent were also completed (4 holes; 191m) with minimal separation from parent holes.

Total sample weights collected from the drilling programme were:

- Golden Spec – 183kg
- Blue Spec Remnants – 281kg
- Blue Spec Upper Zone – 217kg

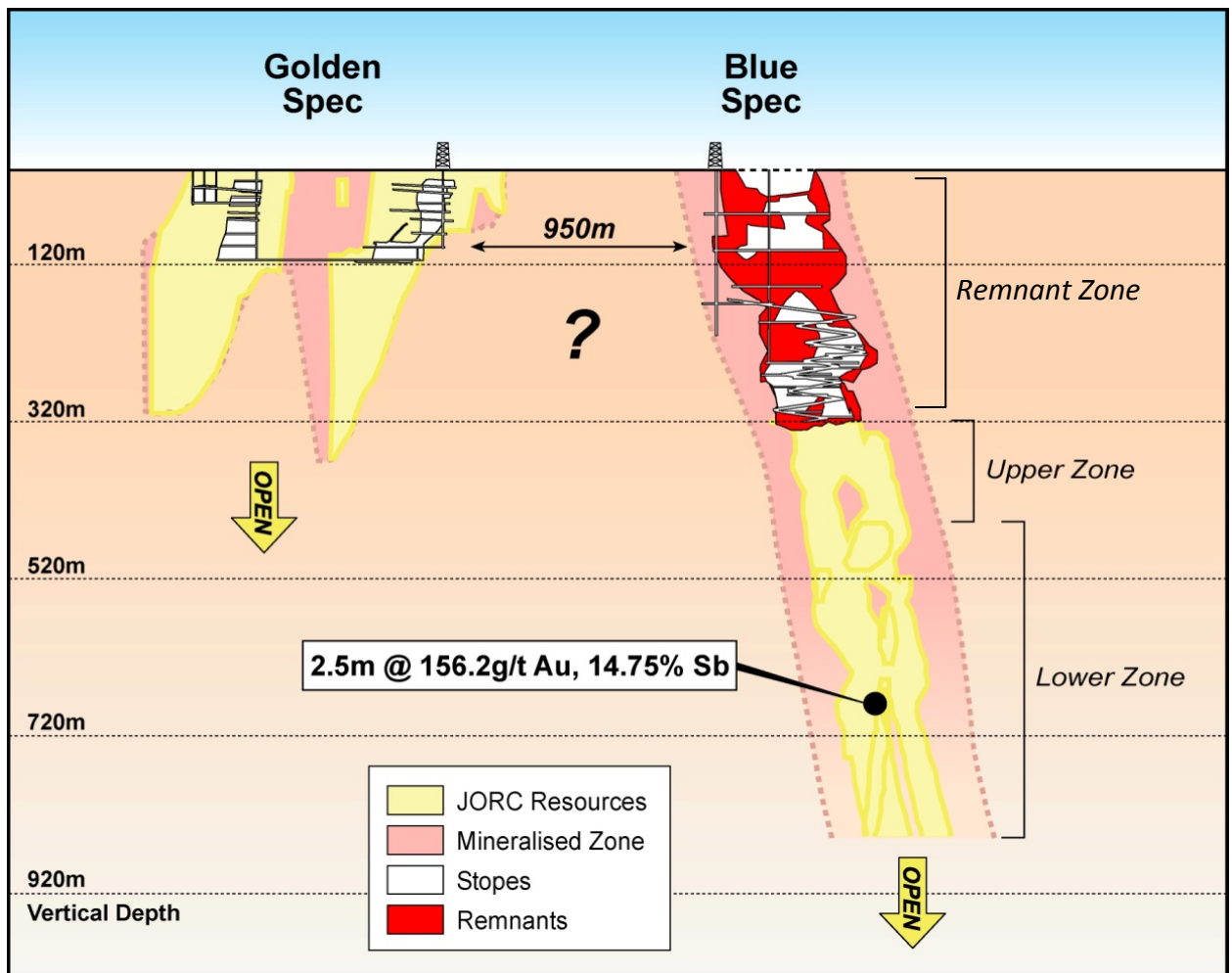


Figure 1: Blue Spec and Golden Spec long sections.

Metallurgical testwork programme

During the quarter, Northwest appointed Como Engineers to design, co-ordinate and supervise a metallurgical testwork programme on the core samples provided by the diamond drilling programme.

The testwork programme will cover the following areas:

- Rod mill, ball mill Bond Work Index and Abrasion Index tests
- Multi stage diagnostic leach tests to determine gold mineralogical deportment
- Float tests at 1 grind size (75-106µm) to produce Sb and Au concentrate samples
- Cleaner floatation tests with detailed assays of optimal concentrate to gain preliminary information of penalty element levels
- Gold leach on float tails with carbon contact tests
- Gold gravity tests

Como Engineers will use the laboratory testwork results to prepare a detailed flowsheet for treatment of Blue Spec-Golden Spec ore. Once a flowsheet has been selected, a mass balance will be derived to provide the flow rates for sizing and selection of the key process equipment. The selected equipment details will be compiled into an equipment list which will be used as the basis for estimating the capital costs for the project. Operating costs will also be estimated for the operation of a processing plant based on the flowsheet.

Assay analysis of the metal content of the floatation concentrates will enable Northwest to advance its ongoing discussions with parties interested in potential Au-Sb concentrate off-take and smelting arrangements with the Company.

Results from the metallurgical testwork programme will be released next quarter.

Mining studies

During the quarter, Northwest continued studies on underground development design, mine planning and scheduling and evaluation of mining methods for the development of the high-grade Blue Spec and Golden Spec gold-antimony deposits.

The mining study is evaluating a base case scenario under which:

- The Blue Spec and Golden Spec deposits would be developed concurrently as underground mines by way of separate declines from surface
- Mechanised narrow vein mining would be utilised
- The remnant zones of each deposit would be mined before JORC resources are reached

Results from the study will be released next quarter following the receipt of the metallurgical testwork programme results.

Camel Creek Joint Venture

During the quarter, Northwest and Millennium Minerals Limited (ASX: MOY) announced the formal execution of the Joint Venture Agreement and related documents, relating to their 50:50 Camel Creek JV.

Under the Camel Creek JV, gold produced from the JV deposits and all mining, processing and administration costs relating to the JV will be shared on a 50:50 basis. Millennium will manage the JV.

Resource definition RC drilling commenced in the December Quarter 2011 on the JV deposits, namely Junction, Roscoe's Reward and Little Wonder East and West. A total of 5,343 metres of RC drilling was completed in 101 holes. A short follow up diamond drilling programme was completed in March, comprising four holes for 155m. Diamond drilling was conducted to acquire density, structural, lithological and twin assay data as well as to provide sufficient material for metallurgical assessment later this year.

Assay results have been received for RC drilling however QA/QC control assays are still pending. Assay intercepts are currently being wire framed in order to generate an updated Mineral Resource estimate for the JV deposits which will be released next quarter.

Competent Person

The information in this report is based on information compiled by Mr. Charles Gillman, who is a Member of Australian Institute of Geoscientists. Mr. Gillman is a full-time employee of Northwest Resources Limited 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 the report of the matters based on his information in the form and context in which it appears.

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 March 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	250	250
1.2 Payments for:		
(a) exploration and evaluation	(326)	(1,041)
(b) development	-	-
(c) production	-	-
(d) administration	(189)	(663)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	99
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 GST	(34)	(13)
Net Operating Cash Flows	(209)	(1,368)
Cash flows related to investing activities		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(1)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(1)
1.13 Total operating and investing cash flows (carried forward)	-	(1)
1.14 Total operating and investing cash flows (brought forward)	(209)	(1,369)

Cash flows related to financing activities			
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 (provide details if material)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(209)	(1,369)
1.20	Cash at beginning of quarter/year to date	1,712	2,872
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,503	1,503

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	90
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive directors' salaries and Non-Executive director's 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	475
4.2 Development	30
4.3 Production	
4.4 Administration	120
Total	625

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	353	162
5.2 Deposits at call	1,150	1,550
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: Cash at end of quarter (item 1.22)	1,503	1,712

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		
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	-	-		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3	+Ordinary securities	130,895,418	130,895,418		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		
7.5	+Convertible debt securities	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7	Options	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.8	Issued during quarter	1,000,000	-	\$0.25	28 Nov 2014
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

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 April 2012



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* apply 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.