



Northwest

QUARTERLY REPORT

For the period ending 31 December 2012

Highlights

- Infill diamond drilling at Blue Spec and Gold Spec underway
- Recruitment of senior operations team commenced
- Critical step towards Northwest realising its goal of producing gold from the Camel Creek Gold Project taken
- Definitive feasibility study for the Blue Spec Shear Gold-Antimony Project targeted for release by the end of the first quarter of 2013



DEVELOPMENT

During the quarter, Northwest continued to deliver on its development plans for its flagship Blue Spec Shear Gold-Antimony Project.

Infill diamond drilling at Blue Spec & Gold Spec

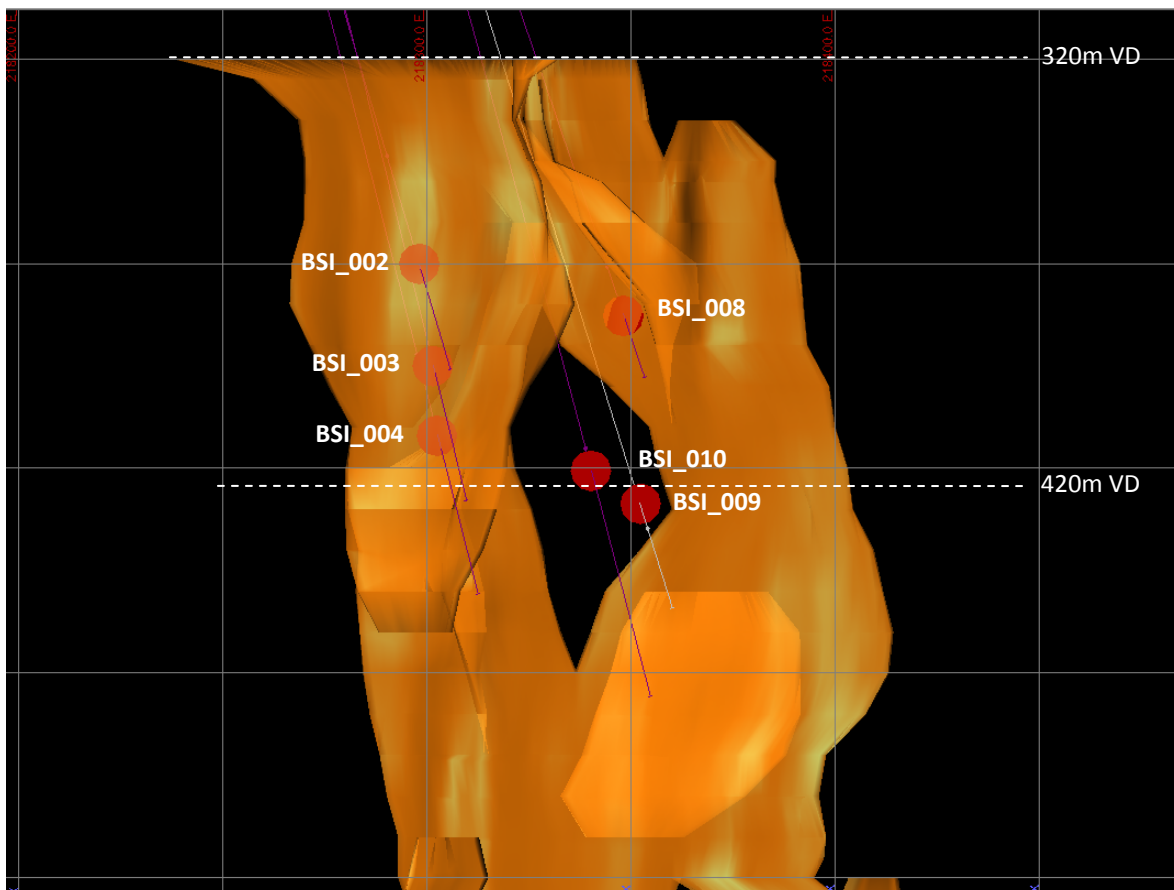
As foreshadowed in the September quarterly, Northwest commenced an infill diamond drilling programme from surface at the Blue Spec & Gold Spec deposits which have a current Mineral Resource estimate of **646,000 tonnes @ 15.8g/t Au and 1.2% Sb** for **328,000 oz Au and 7,900 tonnes Sb**.

The program was directed at increasing drill hole density within the current resource models in order to improve the Mineral Resource classification to Indicated at both deposits over a substantial vertical strike extent under historical workings to underpin the investment case for the project.

Each hole in the diamond drilling program was designed to intersect the predicted position of the mineralised shear structure based on Northwest's geological model for Blue Spec.

At the end of the quarter, the six deepest holes of the Blue Spec program had been completed and despatched to ALS Laboratories Perth for assaying. All holes had intersected the main Blue Spec Shear ore zone as planned. In addition, the Blue Spec holes had 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.

Fig.1. Location of first six infill diamond holes at Blue Spec



Appointment of senior operational team

During the quarter, Northwest met its September quarterly commitment to commence recruiting the senior operational team for the project with a number of new appointments.

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

Mr Harges 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. 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.

Feasibility studies

During the quarter, work continued on Northwest's definitive feasibility study for the Blue Spec Shear Gold-Antimony Project. Northwest is targeting release of the DFS by the end of the first quarter of 2013.

CAMEL CREEK GOLD PROJECT

During the quarter, a critical step towards Northwest realising its goal of producing gold from the Camel Creek Gold Project was taken with the announcement by Millennium Minerals Limited (ASX: MOY, Millennium), Northwest's joint venture partner in the project, that Millennium had commenced full production and poured first gold from its Nullagine Gold Project.

In March 2012, Northwest and Millennium finalised a production joint venture in relation to the Camel Creek Gold Project under which Millennium would mine the four shallow oxide gold deposits within the project as part of its Nullagine Gold Project and process ore from the joint venture deposits through its 1.5Mtpa processing plant which was then under construction.

Under the terms of the production joint venture which Millennium manages, Northwest and Millennium are each entitled to 50% of gold produced by the joint venture after sharing joint venture costs. The Camel Creek Gold Project currently has a Mineral Resource of 2.67Mt @ 1.23g/t Au for 105,000oz gold.

With the commencement of Millennium’s mining operations and the successful commissioning of its processing plant, Northwest can look forward to a significant stream of gold production from the Camel Creek Joint Venture once joint venture mining commences.

CORPORATE

Share Placement

During the quarter, Taylor Collison Limited acted as lead manager and underwriter to a private placement of 26.3 million fully paid ordinary shares at an issue price of \$0.12 per share to sophisticated and professional investors in Australia. The placement raised approximately \$3.15 million (before costs) to fund working capital.

Company research

During the quarter Taylor Collison and Proactive Investors released reports on the Company. Copies of the reports are available on Northwest’s website.

Cash position

At the end of the quarter, Northwest had cash of approximately \$2.4 million.

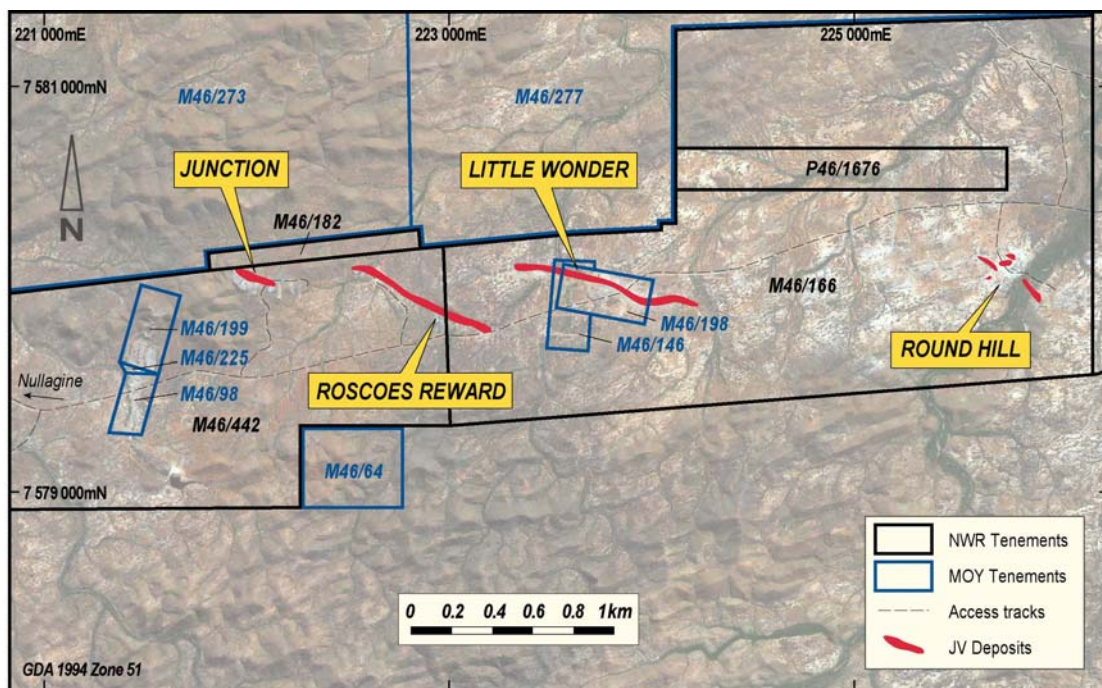


Fig.2. Location of deposits within the Camel Creek Gold Project.

For further information, please contact:

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Competent Person Statements

The information in this report 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" (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.

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 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date 6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(588)	(914)
(b) development	-	-
(c) production	-	-
(d) administration	(413)	(622)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	24
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 GST	(69)	(33)
Net Operating Cash Flows	(1,049)	(1,545)
Cash flows related to investing activities		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(3)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	226	694
(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	223	691
1.13 Total operating and investing cash flows (carried forward)	(826)	(854)
1.14 Total operating and investing cash flows (brought forward)	(826)	(854)

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3,156	3,156
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 (Placement Fee)	(174)	(174)
Net financing cash flows		2,982	2,982
Net increase (decrease) in cash held		2,156	2,128
1.20	Cash at beginning of quarter/year to date	250	278
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,406	2,406

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	86
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	645
4.2 Development	-
4.3 Production	-
4.4 Administration	155
Total	800

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	906	250
5.2 Deposits at call	1,500	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: Cash at end of quarter (item 1.22)	2,406	250

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	202,270,418	157,270,418		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	26,300,000	26,300,000		
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	1,000,000	0.165	28/11/2014
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: 31 January 2013



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.