



Northwest
Resources Limited

QUARTERLY REPORT

For the period ending 30 June 2013

Highlights

- Revised Mineral Resource estimates for the Blue Spec Shear Gold-Antimony Project to be released in the September Quarter
- Commercial negotiations commenced with Chinese antimony smelter relating to off-take of Sb-Au concentrate produced from the Blue Spec Shear Gold-Antimony Project
- Maiden Ore Reserve estimates for the Camel Creek Joint Venture with Millennium Minerals to be released in the September Quarter



BLUE SPEC SHEAR GOLD-ANTIMONY PROJECT

During the quarter, Northwest continued with development activities for its flagship Blue Spec Shear Gold-Antimony Project.

Definitive Feasibility Study update

The critical component for the DFS is the completion of new geological models for the high-grade Blue Spec and Gold Spec deposits and the preparation of revised Mineral Resource estimates for the deposits.

With the completion of the metallurgical and resource drilling program in April, the new geological models and revised Mineral Resource estimates were expected to be released in the June Quarter.

However, due to delays in the receipt of assays resulting from the adoption of new QA/QC procedures to manage metallurgical testwork and geological assays and a rigorous external review process to ensure compliance with the 2012 JORC Code, the new Mineral Resource estimates for Blue Spec and Gold Spec will now be released in the September Quarter.

The delay to the completion of the new geological models and Mineral Resource estimates for the project has prevented the Company from completing other key DFS study areas including mine design optimisation, geotechnical studies, process plant design and capital cost estimates.

As previously advised, the longer lead time study areas for the DFS including environmental baseline studies have been completed.

Northwest expects to provide a further update on the DFS once the revised Mineral Resource estimates are released to the market.

Metallurgical studies and off-take discussions

Northwest has completed the second stage of flotation testwork directed at establishing a process flow sheet to treat the Blue Spec and Gold Spec ores to achieve economically acceptable recoveries of gold and antimony.

The results of this work strongly support the Company's view that the Blue Spec Shear Gold-Antimony Project can produce a single clean antimony (Sb) concentrate grading approximately 35% Sb with potentially the highest gold grade of any antimony concentrate on the market and with contaminant elements (As, Pb, Hg, Bi) below penalty levels.

During the quarter, Northwest met with senior commercial and technical representatives of one of the largest antimony smelters in China to discuss the project. This meeting followed previous meetings between Northwest and the smelter in Australia and China and the exchange of project information.

As a result of this positive meeting, negotiations for a letter of intent relating to an off-take of the Sb-Au concentrate produced from the Blue Spec Shear Gold-Antimony Project have commenced.

CAMEL CREEK JOINT VENTURE

Northwest's Camel Creek Gold Project contains four shallow open pit gold deposits with a total 2004 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 costs. Millennium will manage the joint venture.

Millennium is a strong joint venture partner for Northwest. Millennium completed its project construction on time and on budget and poured first gold from its Golden Eagle processing plant just south of Nullagine in September 2012. In the 6 months to June 2013, the company poured 33,500 ounces at C1 cash costs of A\$794/ounce. In addition, Millennium has hedge contracts in place provide price protection for 50% of its forecast gold production at an average forward delivery price of A\$1,614 out to September 2015. (It is important to note that none of Northwest's share of future Camel Creek Joint Venture gold production is covered by Millennium's hedges).

Millennium have reported that pre-mining activities have started at its Golden Gate deposits prior to mining activity commencing in the September Quarter. Mining at the Camel Creek Joint Venture deposits is expected to commence on completion of mining at the Golden Gate deposits.

Ore Reserve estimates

Auralia Mining Consultants have been engaged by Northwest and Millennium to prepare maiden Ore Reserve estimates for the Little Wonder, Junction and Roscoe's Reward joint venture deposits. The Ore Reserve estimates are expected to be announced by the end of August 2013.

The Round Hill joint venture deposit requires further drilling to better understand its potential. An extensional and infill drilling program at Round Hill has been designed and is planned for 2013-2014.

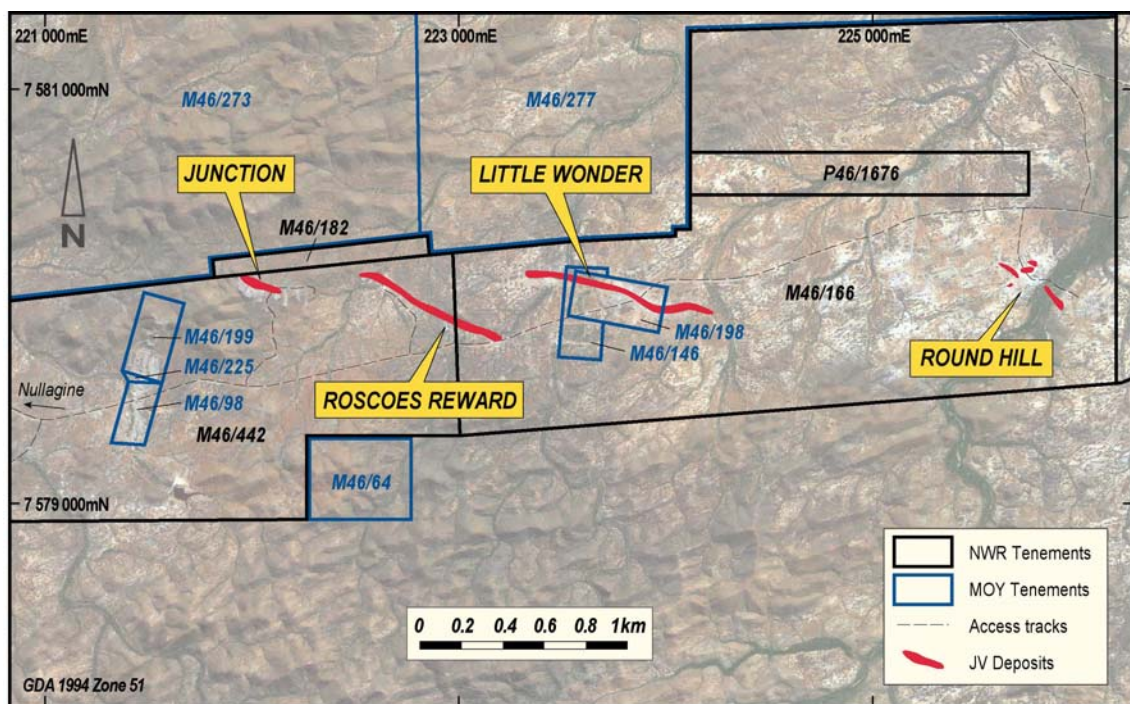


Fig 1. Location of Camel Creek Joint Venture deposits.

CORPORATE

R&D tax incentive

Northwest has lodged a claim under R&D Tax Incentive provisions of the Income Tax Legislation in respect of the 2012-2013 financial year. The claim is for a cash amount of approximately \$1.22 million arising from the cost of R&D activities in connection with the process development studies associated with the Blue Spec Shear Gold-Antimony Project.

Previously, the Company has received cash reimbursement of R&D claims for the 2011-2012 financial year of approximately \$603,000. The activities the subject of the current year claim are a continuation of the activities conducted during 2012.

Eligibility for the rebate is subject to the Company meeting all relevant taxation eligibility criteria for obtaining a refundable tax offset and the claim may be reviewed by either the Australian Taxation Office or Innovation Australia.

Impact of gold price falls

Following the dramatic fall in the spot gold price in April and the consequent negative impact on all companies in the gold sector, Northwest has been prudently managing project expenditure during the quarter, similar to its sector peers.

Northwest is evaluating strategies to secure the Company's longer term future by leveraging its valuable projects.

Northwest has the advantage of being able to look forward to a significant stream of gold production from the Camel Creek Joint Venture once joint venture mining commences.

MINERAL RESOURCE STATEMENT

Northwest's reported 2004 JORC compliant Mineral Resource 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 or 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

2004 JORC reported Mineral Resource Estimates

The Mineral Resources set out below have been reported in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). The tables below should be read in conjunction with the notes.

Blue Spec Shear Gold-Antimony Project

Deposit	Category	Tonnes	Grade Au g/t	Contained Au oz	Grade Sb %	Contained Sb tonnes
Blue Spec 3.0g/t Au cut-off	Indicated	16,000	52.3	26,900	4.9	800
	Inferred	307,000	22.9	226,000	1.6	4,800
	Total	323,000	24.3	252,900	1.7	5,600
Gold Spec 0.5g/t Au cut-off	Indicated	148,000	3.8	18,100	0.4	600
	Inferred	175,000	10.2	57,400	1.0	1,700
	Total	323,000	7.3	75,500	0.7	2,300
Total Blue Spec & Gold Spec		646,000	15.8	328,400	1.2	7,900
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
	Total	290,000	1.9	17,500	0.01	30
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
	Total	102,000	3.2	10,300	1.1	1,100

Camel Creek Gold Project

Deposit	Category	Tonnes	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
	Total	1,683,000	1.1	59,000
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
	Total	611,000	1.2	23,100
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
	Total	314,000	1.5	14,900
Round Hill 1.0g/t Au cut-off	Indicated	18,000	4.8	2,800
	Inferred	44,000	4.0	5,700
	Total	62,000	4.3	8,500
Total All Deposits		2,670,000	1.2	105,500

Notes to Blue Spec Shear Gold-Antimony Project

1. Discrepancies in summations will occur due to rounding.
2. All deposits estimated using ordinary kriging (OK) methodology for grade estimation.
3. All underground historical stope locations accounted for and excluded from resource estimates.
4. Grade shell models constrained to geological models for each deposit and are defined by a minimum 2m true width.
5. Grade shells for Blue Spec and Green Spec constructed based on complimenting 5m sectional and flitch-based interpretations. Wireframe models were stitched and validated using both Gemcom and Surpac 3D geological modelling software.
6. Grade shells for Gold Spec and Red Spec constructed based on 10m sectional-based interpretations. Wireframe models were stitched and validated using Datamine 3D geological modelling software.

Notes to Camel Creek Gold Project

1. Northwest attribution 50% under Camel Creek Joint Venture (Millennium Minerals Limited 50%)
2. Discrepancies in summations will occur due to rounding.
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 flitch-based interpretations. Wireframe models stitched and validated using both Gemcom and Surpac 3D geological modelling software.

Competent Person Statements

The information in this report that relates to the Mineral Resource estimates listed in the tables above 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 the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Each person named in the table below consents to the inclusion in this report of the matters based on his or her information in the form and context in which they appear.

Resource	Competent Person	Employer	Institute
Blue Spec	Fleur Muller	Geostat Services Pty Ltd	AusIMM
Gold Spec	Wawan Hermawan	CSA Global Pty Ltd	AusIMM
Green Spec	Fleur Muller	Geostat Services Pty Ltd	AusIMM
Red Spec	David Williams	CSA Global Pty Ltd	AusIMM
Junction	Beilin Shi	CSA Global Pty Ltd	AusIMM
Roscoes Reward	Beilin Shi	CSA Global Pty Ltd	AusIMM
Little Wonder	Beilin Shi	CSA Global Pty Ltd	AusIMM
Round Hill	Fleur Muller	Geostat Services Pty Ltd	AusIMM

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

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 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 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	(976)	(3,279)
(b) development	-	-
(c) production	-	-
(d) administration	(177)	(1,060)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	604	604
1.7 GST	181	68
Net Operating Cash Flows	(357)	(3,616)
Cash flows related to investing activities		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(6)	(31)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	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	(6)	663
1.13 Total operating and investing cash flows (carried forward)	(363)	(2,953)
1.14 Total operating and investing cash flows (brought forward)	(363)	(2,953)

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	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)
Net financing cash flows		-	2,982
Net increase (decrease) in cash held		(363)	29
1.20	Cash at beginning of quarter/year to date	670	278
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	307	307

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	63
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	540
4.2 Development	
4.3 Production	
4.4 Administration	180
Total	720

* Estimated cash outflows next quarter will be predominantly funded by short term loan facilities supported by the Company's expected cash refund under the AusIndustry R&D Tax Incentive Scheme relating to the 2013FY.

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	307	670
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: Cash at end of quarter (item 1.22)	307	670

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	202,345,418	257,345,418		
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	-	-	-	-
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 July 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.