



# QUARTERLY REPORT

For the period ending 31 March 2014

## BLUE SPEC SHEAR GOLD- ANTIMONY PROJECT

Northwest is currently engaged with several listed companies 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.

For commercial and legal reasons Northwest does not expect to identify these parties in the near term because it has signed Confidentiality Agreements and is currently in the process of negotiating other Confidentiality Agreements. However, the Company wishes to keep shareholders informed of these developments and will provide updates of progress at the appropriate time.

Northwest expects to conclude a transaction for the future development of the project by mid-year.

Importantly, the demonstrated interest in the project from outside parties confirms a strong endorsement of the quality of the project, Northwest's development efforts to date and its potential development upside.

The Blue Spec Shear Gold-Antimony Project:

- has a robust high-grade Mineral Resource base 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 (refer to Northwest's ASX announcement dated 30 September 2013 for further details);
- has an updated geological model and resource estimate which is considered a robust representation of Blue Spec and Gold Spec deposits. Based on recent performance, the Company expects future infill drilling to deliver strong conversion rates of Inferred to Indicated Resources;
- has a clear concentrate production and marketing strategy and Northwest has established a positive relationship with a preferred off-take partner;
- has been substantially technically de-risked;
- has excellent high-grade exploration potential at both primary deposits and also along the largely untested Blue Spec shear; and
- is environmentally sound.

## CAMEL CREEK GOLD PROJECT

Northwest is developing the Camel Creek Gold Project through a joint venture with Millennium Minerals Limited (ASX: MOY).

The Camel Creek Joint Venture (CCJV) is a 50:50 mining joint venture between Northwest and Millennium. Under the joint venture, the parties are each entitled to 50% of physical gold produced from the initial four joint venture deposits (Junction, Roscoes Reward, Little Wonder and Round Hill). Ore from the joint venture deposits will be mined and processed by Millennium through its Golden Eagle treatment plant and the parties will share equally the joint venture mining, processing and rehabilitation costs. Millennium is the manager of the joint venture.

In March 2014, Millennium in its capacity as manager of the CCJV released an updated Ore Reserve estimate for deposits comprising the CCJV of 638,400t @ 1.6 g/t Au for 33,400 oz of gold (see Table 1 below). (For more detailed information refer to Millennium's ASX announcement dated 21 March 2014).

The updated Ore Reserve estimate represented a decrease in the Ore Reserve estimate from the 2013 maiden Ore Reserve estimate for the CCJV deposits. The decrease was mainly attributable to updated processing costs and lower assumed recoveries. Further evaluation of the metallurgical recovery assumptions and pit designs for the CCJV deposits is being undertaken by Northwest.

The 2012 JORC reported Ore Reserve estimate for the CCJV were carried out by independent consultants, Auralia Mining Consulting Pty Ltd.

Auralia completed a series of Whittle-shell optimisations (including sensitivity analysis) which was followed up with pit designs to update the Ore Reserves at each deposit.

The operating parameters provided to Auralia for the Ore Reserve estimate by Millennium were based on current mining and processing operations and are considered by the Millennium to be appropriate to apply to the CCJV deposits.

No exploration was undertaken on the project during the quarter.

Table 1 - Updated Ore Reserve for CCJV

| 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> |

## CORPORATE

In March, Northwest announced the retirement of its Non-Executive Chairman, Mr Jim Colquhoun.

Mr Colquhoun was a founding director of Northwest and has served the Company for nearly 10 years with the last 5 years as Chairman. The directors wish to thank Mr Colquhoun for his commitment and valuable contribution to the Company and leadership of the Board. Northwest wishes Mr Colquhoun the very best in his future endeavours.

Mr Peter Richard, a non-executive director of the Company since 2008, has been appointed by the Board to the position of Chairman.

Ms Ginette Farcell was appointed to the Board as a non-executive director.

Shortly following the end of the quarter, 15,000,000 ordinary shares in the Company (approximately 7.1% of the Company's issued share capital) were cancelled.

As a result Northwest now has 197,145,418 fully paid ordinary shares on issue.

## 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.

## 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<br>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<br>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<br>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<br>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<br>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<br>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<br>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<br>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")

31 March 2014

## Consolidated statement of cash flows

|   | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$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                                  | (331)                      | (1,842)                               |
| (b) development   | -                          | -                                     |
| (c) production  | -                          | -                                     |
| (d) administration  | (176)                      | (1,076)                               |
| 1.3 Dividends received  | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received       | 4                          | 17                                    |
| 1.5 Interest and other costs of finance paid                    | (1)                        | (99)                                  |
| 1.6 Income taxes paid (refund)                                  | -                          | 1,276                                 |
| 1.7 GST   | 39                         | 63                                    |
| <b>Net Operating Cash Flows</b>                                 | <b>(465)</b>               | <b>(1,661)</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  | -                          | -                                     |
| 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>(1)</b>                 | <b>12</b>                             |
| 1.13 Total operating and investing cash flows (carried forward) | (465)                      | (1,649)                               |
| 1.14 Total operating and investing cash flows (brought forward) | (465)                      | (1,649)                               |

|   |   |              |              |
|---|---|--------------|--------------|
| <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                    | (50)         | (220)        |
| <b>Net financing cash flows</b>                   |   | <b>(50)</b>  | <b>1,710</b> |
| <b>Net increase (decrease) in cash held</b>       |   | <b>(465)</b> | <b>61</b>    |
| 1.20  | Cash at beginning of quarter/year to date     | 833          | 307          |
| 1.21  | Exchange rate adjustments to item 1.20        | -            | -            |
| 1.22  | <b>Cash at end of quarter</b>                 | <b>368</b>   | <b>368</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<br>\$A'000 | Amount used<br>\$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 | 75,000         |
| 4.2 Development                |                |
| 4.3 Production                 |                |
| 4.4 Administration             | 75,000         |
| <b>Total</b>                   | <b>150,000</b> |

## 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | 368                        | 833                         |
| 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>368</b>                 | <b>833</b>                  |

## Changes in interests in mining tenements

|     | Tenement reference  | Nature of interest<br>(note (2)) | Interest at beginning<br>of quarter | Interest at end of<br>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   | Nil          |               |   |  |
| 7.2  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |              |               |   |  |
| 7.3  | +Ordinary securities   | 212,145,418  | 212,145,418   |   |  |
| 7.4  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |              |               |   |  |
| 7.5  | +Convertible debt securities   | Nil          |               |   |  |
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |              |               |   |  |
| 7.7  | Options  |              |               | <i>Exercise price</i>                         | <i>Expiry date</i>                               |
|      |  | 3,000,000    |               | 25.0 cents each                               | 28/11/2014                                       |
|      |  | 1,000,000    |               | 16.5 cents each                               | 28/11/2014                                       |
| 7.8  | Issued during quarter  |              |               |   |  |
| 7.9  | Exercised during quarter   |              |               |   |  |
| 7.10 | Expired during quarter   |              |               |   |  |
| 7.11 | Performance Rights<br>(totals only)  |              |               |   | <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  |              |               |   |  |

|      |                        | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|------|------------------------|--------------|---------------|---|--|
| 7.13 | Vested during quarter  |              |               |   |  |
| 7.14 | Expired during quarter | 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 April 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.