

QUARTERLY REPORT

For the period ending 30 September 2009



Exploration and Development Activity

Regional drilling programme

During the quarter, Northwest completed a 2,000m first pass RC programme targeting new “Camel Creek” style prospects at Federation, Corsair, Mustang, and Red Dragon (which lies on the interpreted extension of the Blue Spec Shear) which had been identified by Northwest’s innovative HYMAP survey.

The Camel Creek area hosts seven gold deposits with JORC resources totalling over 260,000 oz at 2.3 g/t Au. The deposits are characterized by near-surface quartz vein hosted mineralization which is amendable to open pit mining techniques and conventional processing.

There were two significant outcomes from the first pass HYMAP programme:

- It provides confidence in HYMAP as a remote targeting technique in the Nullagine goldfield giving Northwest the ability to successfully focus ongoing exploration activities.
- The numerous untested HYMAP targets within the goldfield demonstrate that the goldfield has the potential to be more prolific than previously understood.

The targeting of “Camel Creek” style deposits has the ultimate objective of adding to the Nullagine Gold Project resource base quickly and establishing multiple satellite ore sources to extend the potential life of mining operations centred on the re-development of the high-grade Blue Spec mine, which is currently the subject of scoping and pre-feasibility studies.

Results

Significant intercepts from the RC programme include:

- **2m grading 5.57 g/t Au** (Federation)
- **18m grading 3.33 g/t Au including 3m grading 15.67 g/t Au** (Federation)
- **28m* grading 0.58 g/t Au** (Mustang)
- **8m grading 0.98 g/t Au** (Corsair)

** denotes 4m composite samples*

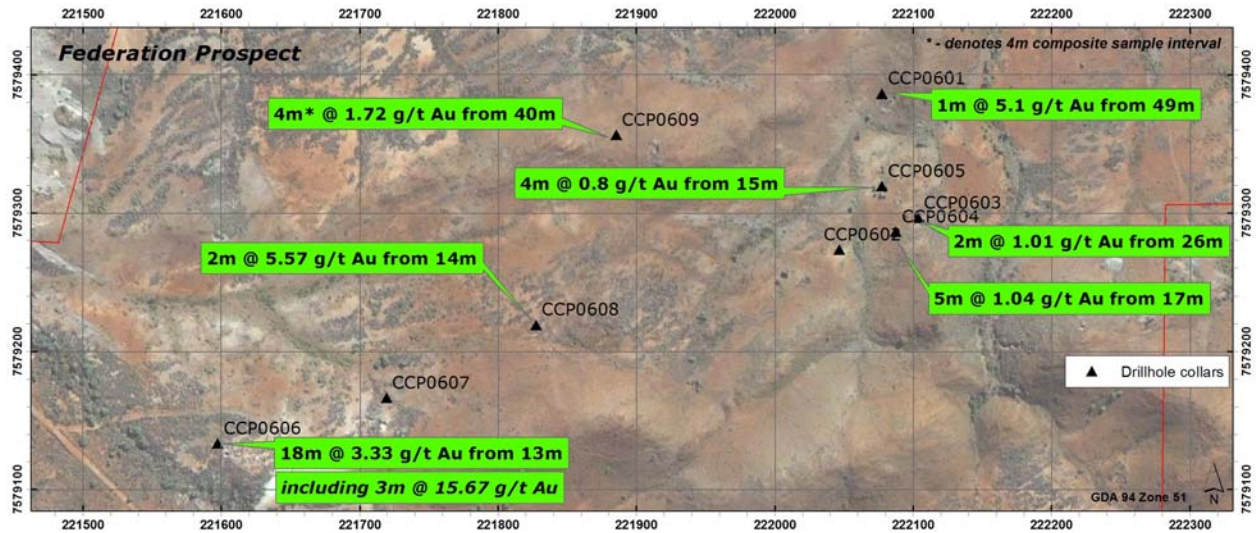
A table outlining all significant intercepts is included in this report.

The geology and alteration assemblages of these four new prospects are very similar to existing deposits along the Blue Spec and Camel Creek Shears, and Northwest is confident that follow-up drilling will be able to achieve more significant intercepts as the prospects are advanced.

Of the targets drilled, the Federation prospect was particularly encouraging. The Federation prospect is located 700m south of Northwest’s Junction and Roscoes Reward open-pit resources. The prospect is also adjacent to Millennium Mineral’s All Nations prospect. The prospect comprises a HYMAP anomaly of 900m strike length, and a soil geochemistry anomaly of 600m strike length.

Nine RC holes were drilled along the main elements of the anomaly, with better intercepts of 2m grading 5.57 g/t Au, and 18m grading 3.33 g/t Au including 3m grading 15.67 g/t Au.

The better gold grades are associated with moderate to strong chlorite-sericite-carbonate alteration and increased quartz vein intensity. Mineralisation is hosted in alternating sequences of shale and arenite.



Drilling intercepts at the Federation prospect located within M46/442

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")

30 September 2009

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	33
1.2	Payments for:		
	(a) exploration and evaluation	(230)	(230)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(204)	(204)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	65	65
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	GST	(12)	(12)
	Net Operating Cash Flows	(381)	(381)
Cash flows related to investing activities			
1.8	Payment for purchase of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
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	(381)	(381)
1.13	Total operating and investing cash flows (carried forward)	(381)	(381)
1.14	Total operating and investing cash flows (brought forward)	(381)	(381)

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		(381)	(381)
1.20	Cash at beginning of quarter/year to date	6,165	6,165
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,784	5,784

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	73
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	140
4.2 Development	40
Total	180

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	284	265
5.2 Deposits at call	5,500	5,900
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: Cash at end of quarter (item 1.22)	5,784	6,165

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	P46/1514, P46/1515 P46/1520, P46/1521 P46/1531, P46/1532 P46/1530, P46/1543 P46/1545, P46/1550 P46/1552, P46/1555	100%	100%	0%
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	-	-		
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	-	-	-	-
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 October 2009



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.