

QUARTERLY REPORT

For the period ending 30 June 2009



Exploration and Development Activity

New Exploration programme

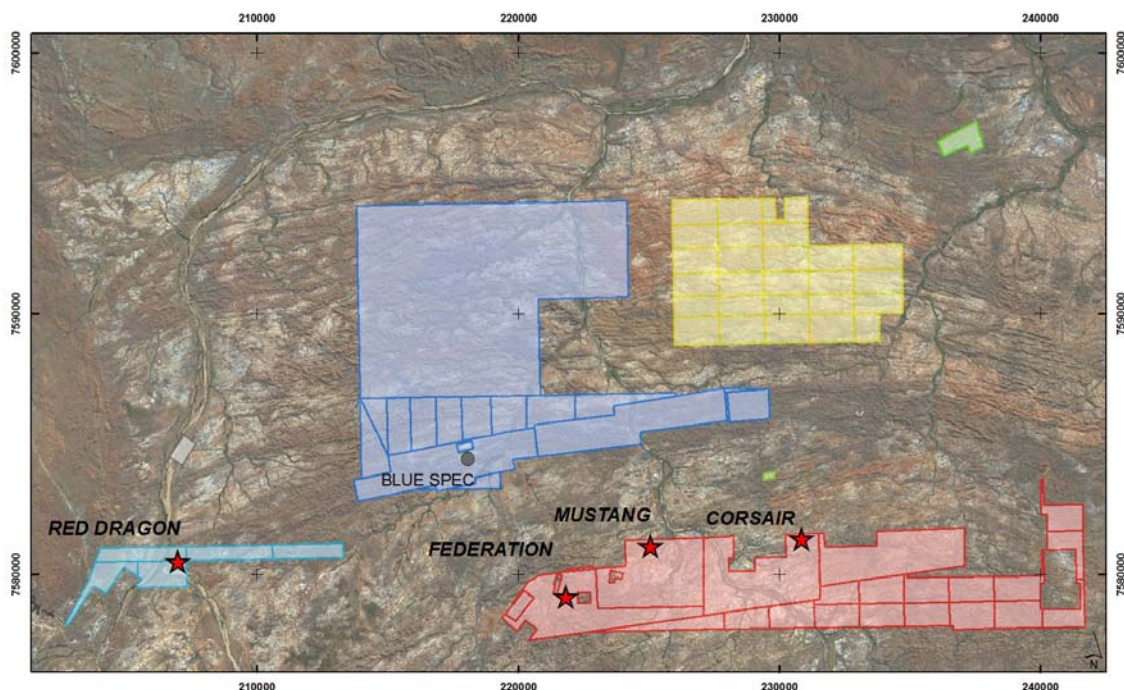
Northwest has completed an exciting new drilling programme at the company's Nullagine Gold Project.

The RC programme of approximately 2,500m targeted four new prospects identified by Northwest's innovative HYMAP survey: Red Dragon, Federation, Mustang and Corsair.

The Board is excited about the potential results of this programme which was designed to test the effectiveness of Northwest's innovative HYMAP survey for the remote detection of gold deposits. If drilling proves successful, the prospectivity and size of the Nullagine gold project could be subject to a significant positive re-assessment.

Northwest's HYMAP survey identified numerous significant alteration anomalies within the Nullagine goldfield indicating new targets and extensions of existing JORC resources. The Red Dragon, Federation, Mustang and Corsair targets have been prioritised for drilling in the forthcoming campaign.

Preliminary assay results are expected by the end of August and will be released to the market when they are available.



Northwest's Nullagine Gold Project - Location of gold targets in the completed RC drilling campaign

Corporate Activity

Mining co-venturer discussions

As previously advised, the Company is pursuing a mining co-venturer strategy at its flagship Nullagine Gold Project to reduce development and production risk to Northwest whilst enabling the company to benefit from development success.

The Board continues to hold confidential discussions with a number of parties with demonstrable technical and financial resources who have expressed interest in participating in development of the Blue Spec deposit as the first stage of a broader regional development strategy for the Nullagine goldfield.

Whilst there continues to be strong interest in the Nullagine Gold Project, general uncertainty in the markets has resulted in the mining co-venturer strategy process exceeding the initially anticipated timeframe.

Notwithstanding this, the Board continues to support the co-venturer strategy and expects the process to accelerate in the next quarter as interested parties complete due diligence and prepare proposals for the Board's consideration.

The Board will continue to update the market on the progress of the Company's co-venturer strategy as appropriate. As previously advised, it is not possible for the Board to predict if or when any of the current discussions may lead to a firm proposal being put to the Company. Furthermore, there can be no assurance that any of these discussions will result in a proposal acceptable to Northwest.

Cash

As at 30 June 2009, the Company has cash at hand of \$6.165 million and no debt. The Board has taken prudent steps to reduce the Company's expenditure whilst focusing on executing the development strategy in the near term and also devoting efforts to the evaluation of opportunities to leverage off the Company's advanced project and robust financial position.

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 2009

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	-	33
1.2 Payments for:		
(a) exploration and evaluation	(122)	(878)
(b) development	-	-
(c) production	-	-
(d) administration	(128)	(1,007)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	56	444
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 GST	(2)	47
Net Operating Cash Flows	(196)	(1,361)
Cash flows related to investing activities		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(4)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	19
1.10 Loans to other entities	(350)	(697)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	(60)	(70)
Net investing cash flows	(410)	(752)
1.13 Total operating and investing cash flows (carried forward)	(606)	(2,113)
1.14 Total operating and investing cash flows (brought forward)	(606)	(2,113)

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	-	(12)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		-	(12)
Net increase (decrease) in cash held		(606)	(2,125)
1.20	Cash at beginning of quarter/year to date	6,771	8,290
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6,165	6,165

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	50
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	135
4.2 Development	25
Total	160

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	265	3,521
5.2 Deposits at call	5,900	3,250
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: Cash at end of quarter (item 1.22)	6,165	6,771

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	P46/1475 & 1476	Option to acquire 100%	N/A	Nil
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	750,000 105,000 35,000	-	\$0.30 \$0.30 \$0.25	30 June 2009 30 June 2011 30 June 2011
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 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.