



NORTHWEST RESOURCES LIMITED

ACN 107 337 379

QUARTERLY REPORT

Quarter ending 31 March 2005

HIGHLIGHTS

- Commencement of Northwest's initial 10,000m reverse circulation drilling campaign at its Nullagine gold project.
- Completion of the interpretation of Northwest's electromagnetic survey. The survey confirms the presence of three significant untested bedrock anomalies within Northwest's Nullagine project areas and highlighted a number of significant structural and stratigraphic trends within the project areas.
- Commencement of a digital data compilation project to enable the company to utilize advanced targeting techniques on its Nullagine project areas.

EXPLORATION AND DEVELOPMENT ACTIVITIES

Commencement of Initial Drilling Campaign

Northwest commenced its initial drilling campaign in late March. The programme comprises approximately 10,000m of reverse circulation drilling over a 4-5 week period.

The campaign is targeting numerous advanced prospects within the central corridor area of Northwest's Camel Creek project area. The results of early reconnaissance work, data compilation and structural analysis have highlighted significant potential within the central corridor area. The area hosts numerous closely-spaced advanced prospects over a strike length of approximately 4km along the Camel Creek-Middle Creek mineralized trend. This trend of gold mineralisation is a continuation of the mineralized trend which extends through Wedgetail Exploration NL's Golden Eagle and Middle Creek projects.

Northwest's drilling campaign will focus on providing scope drilling coverage to confirm the potential size and quality of the numerous advanced prospects. The programme will allow Northwest to prioritise later development drilling in the area. The advanced prospects being targeted represent high-value, near-surface resource potential that is amenable to open-cut mining. This underlines Northwest's value-focused approach to systematic exploration.

The company has arranged for two RC drilling rigs to be based permanently on site to undertake its drilling programmes throughout the year.

Electromagnetic Survey Interpretation

During the quarter, Northwest completed the interpretation of its extensive helicopter-based electromagnetic survey (HOIST EM) completed during December 2004. This is the first time that modern airborne electromagnetic technologies have been used to explore Northwest's project areas and the results have proved a success.

Processing of the electromagnetic data acquired from the survey confirms the presence of three significant untested bedrock anomalies within Northwest's project areas. The anomalies are very encouraging because each are co-incident with previously mapped TEM or localised aeromagnetic anomalies.

In addition to identifying a number of significant anomalies, the survey highlighted a number of structural and stratigraphic trends within the project areas where distinct conductivity contrasts exist. This has provided Northwest with a clearer picture of the sub-cropping geology in the area, which will greatly assist ongoing exploration programmes.

The electromagnetic dataset is currently being combined with Northwest's other geological datasets to enable interpretation of structural architecture and assist in delineating mineralized fault systems within Northwest's Nullagine project areas. The application of leading-edge technologies is central to Northwest's advanced targeting approach.

Commencement of Digital Data Compilation Project

Northwest initiated a digital data compilation project during the quarter. The project is a key part of Northwest's exploration strategy.

The project aims to digitally evolve a legacy of historic geological data and form the seed to the development of a seamless 2D and 3D integrated data environment. This will enable the company to utilise advanced targeting techniques on its Nullagine project areas, which have suffered from a long history of disjointed, non-coordinated and variable exploration efforts. The scope of this project includes:

- Construction of an integrated drill-hole and surface geochemical database;
- Organisation and construction of a 2D GIS environment incorporating foundation exploration datasets (infrastructure, tenements, geology, structure, geochemistry, geophysics, images etc); and
- Co-ordination and management of digital data capture and integration.

Northwest's multiple level datasets will form the basis for target generation and classification going forward. Early results of the project have been utilised to prioritise high-quality exploration targets for the company's initial drilling campaign.

It is expected that the digital data compilation project will be completed in the next quarter.

Exploration Work Next Quarter

The company's initial RC drilling campaign is scheduled for completion by the first week of May.

Analysis of initial drilling campaign results

Exploration work during the next quarter will concentrate on the capture and interpretation of all data collected from the initial scope drilling programme. Outcomes from data interrogation will include:

- Sectional and plan-based geological interpretation and modeling of advanced prospects
- Geochemical footprint analysis from bottom-of-hole multi-element sampling
- Economic benchmark analysis of resource potential within the central corridor area of the company's Camel Creek project

Upon completion of this work the company will be in a better position to refine its targeting approach. The knowledge gained will be utilised to plan for future generative activities and assist in developing a holistic geological model for ongoing exploration efforts.

Early-stage economic assessment of any future resource potential is a core feature of the company's exploration strategy. In-house expertise will be utilised to economically assess and benchmark any early-stage resource potential realised from the initial scope drilling campaign. This approach ensures that the company's funds are directed at high-value resource potential and that the company's future resource inventory is built on assets that have a high rate of resource/reserve conversion.

Second drilling campaign

Once complete, this work will provide the basis for the second drilling campaign, which will include prioritised areas for resource definition drilling and additional areas for scope drilling. Activity for the company's second drilling campaign is scheduled to commence in mid-June and target both the Camel Creek and high-grade Blue Spec mineralisation trends. The company presently intends to undertake approximately 25,000m of RC drilling.

Generative activities

Generative activities during the quarter will involve the completion of a number of focused surface geochemical sampling programmes over areas within the company's Camel Creek and Blue Spec projects. Locations being selected for surface geochemical analysis include historic prospects, recently identified geophysical anomalies and conceptual structural targets. Surface geochemical targeting along with other planned advanced targeting programmes will provide a pipeline of successor targets for the company to assess in due course.

CORPORATE ACTIVITIES

The company undertook no significant corporate activities during the quarter.

Capital and Financial Position

As at 31 March 2005, the Company had:

- 30,000,000 issued shares (of which 15,000,00 are escrowed until December 2006)
- 19,625,000 January 2008 options (of which 12,125,000 are escrowed until December 2006); and
- cash on hand of \$2.15 million.

For more information, please contact Northwest Resources' Managing Director, John Merity:

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The information in this report, insofar as it relates to resources and exploration activities, has been prepared by Mr Christian Easterday, a Member of The Australasian Institute of Geoscientists. Mr Easterday is a full-time employee of Northwest Resources Limited. Mr Easterday has sufficient experience with the relevant style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to be qualified as a Recognised Mining Professional as defined in the ASX Listing Rules. Mr Easterday consents to the inclusion of this information in the form and context in which it appears in this report.

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

NORTHWEST RESOURCES LIMITED

ABN

99 107 337 379

Quarter ended ("current quarter")

31 March 2005

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	(136)	(246)
(b) development	-	-
(c) production	-	-
(d) administration	(142)	(213)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	32	44
1.5 Interest and other costs of finance paid	-	-
1.6 GST	(25)	(39)
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(271)	(454)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	(10)
(c) other fixed assets	(124)	(125)
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	(124)	(135)
1.13 Total operating and investing cash flows (carried forward)	(359)	(185)

1.13	Total operating and investing cash flows (brought forward)	(395)	(589)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	(90)	2694
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	49	49
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(41)	2743
	Net increase (decrease) in cash held	(436)	2154
1.20	Cash at beginning of quarter/year to date	2590	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2590	2590

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	40
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	

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	630
4.2 Development	-
Total	630

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	127	290
5.2 Deposits at call	2027	2,300
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2154	2590

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 <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 *Ordinary securities	30,000,001	15,000,001	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,000,000 -	15,000,000 -		
7.5 *Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7 Options <i>(description and conversion factor)</i>	19,625,000	7,500,000	<i>Exercise price</i> A\$0.20	<i>Expiry date</i> 31 st January, 2008
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 Debentures <i>(totals only)</i>	-	-		

7.12	Unsecured notes (<i>totals only</i>)	-	-
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Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
2. This statement does give a true and fair view of the matters disclosed.

Date: 29th April, 2005



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.