WINDWARD
RESOURCES LTD
ACN: 158 432 270

# Annual Report
# for the Financial Year Ended 30 June 2014

**WINDWARD RESOURCES LIMITED**
**CONTENTS**

**WINDWARD RESOURCES LIMITED**
**CORPORATE DIRECTORY**

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**Directors**

**Non-Executive Chair**
Ms Bronwyn Barnes

**Managing Director**
Mr David John Frances

**Non-Executive Directors**
Mr Stephen Lowe
Mr George Cameron-Dow

**Company Secretary**
Mr Stephen Brockhurst

**Registered and Principal Office**

Level 1
8 Kings Park Road
West Perth Western Australia 6005

Telephone : +61 (8) 9321 6667
Facsimile : +61 (8) 9322 5940

**Website**

www.windwardresources.com.au

**Auditors**

Moore Stephens Perth
Level 3, 12 St Georges Terrace
Perth Western Australia 6000

**Bankers**

Australia and New Zealand Banking Group Limited
Level 9, 77 St Georges Terrace
Perth Western Australia 6000

**Solicitors**

Kings Park Corporate Lawyers
Level 2, 45 Rich Street
West Perth Western Australia 6005

**Share Registry**

Advanced Share Registry Services
150 Stirling Highway
Nedlands Western Australia 6009

Telephone : (08) 9389 8033
Facsimile : (08) 9389 7871

**Securities Exchange**

Australian Securities Exchange
Level 40, Central Park
152 – 158 St Georges Terrace
Perth Western Australia 6000

**ASX Code**

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The directors present their report together with the financial statements of Windward Resources Limited ("Windward" or "Company") for the financial year ended 30 June 2014.

**Current Directors**

The name and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless stated otherwise.

Ms Bronwyn Barnes - Non-Executive Chair (appointed 1 February 2014) [1]
Mr David Frances – Managing Director (appointed 1 July 2013)
Mr Stephen Lowe – Non-Executive Director[2]
Mr George Cameron-Dow – Non-Executive Director [1]
Mr Josh Puckridge – Non-Executive Director (resigned 1 February 2014)

**Names, Qualifications and Special Responsibilities**

**Ms Bronwyn Barnes, BA, Grad Dip Bus, AICD**
**Non-Executive Chair**

Ms Barnes has extensive experience in strategic planning and project development within the resources sector, having worked for a number of International and Australian private and public Companies. Until September 2009 Ms Barnes was the Managing Director of ASX listed mining exploration company Graynic Metals Limited that held projects in Guatemala, Cuba, NSW and the Pilbara. Ms Barnes is an experienced Board member having served in both executive and non-executive capacities in the resources, fishing, indigenous, education and community sectors.

Ms Barnes currently serves as an Independent Director for the Martu People Ltd and is a Member of the Council for Curtin University School of Business

*Other Listed Public Company Directorships in the last 3 years:*
*Nil*

**Mr David John Frances, BSc (Hons)**
**Managing Director**

Mr Frances is a graduate of The University of Western Australia and has been involved in the international mining industry for over 20 years. He was most recently President and CEO of Mawson West Ltd (TSX: MWE), where during his seven year tenure, he led Mawson through the transition from a Western Australian gold explorer to an international copper producer, developer, and explorer in the Democratic Republic of Congo.

Mr Frances' experience in successfully exploring, funding and developing projects, his proven corporate strategic skills, and his knowledge of equity capital markets is a useful addition to the skills of the Windward team.

*Other Listed Public Company Directorships in the last 3 years:*
*Tawana Resources - NL Executive Chairman (appointed January 2013 – May 2013)*
*Orrex Resources Ltd - Non-Executive Director (appointed November 2010 – May 2013)*
*Mawson West Limited - President (appointed February 2006 – June 2012)*

1. **Mr Cameron-Dow took on the role as Interim Chairman effective 29 July 2013 until 11 August 2014 when Ms Bronwyn Barnes was appointed as Non-Executive Chair**
2. **Mr Lowe stepped down as Chairman on 29 July 2013 and remains as a Non-Executive Director**

**Mr Stephen Lowe, B Bus (ECU), Grad Dip Adv Tax (UNSW), MTax (UNSW), FTIA, MAICD**
**Non-Executive Director**

Mr Stephen Lowe is currently the full-time business manager for major shareholder Mark Creasy and responsible for managing all aspects of Mr Creasy's business interests and investments.

Mr Lowe is a taxation and business management specialist with over 15 years' experience consulting to a wide range of corporate and private clients. He is a former director of the Perth based specialist taxation firm MKT - Taxation Advisors. His qualifications include a Bachelor of Business, Post-Graduate Diploma in Advanced Taxation and a Master of Taxation from the University of New South Wales.

Mr Lowe is a Fellow of the Taxation Institute of Australia and a Certified Taxation Practitioner. He is also a Member of the Australian Institute of Company Directors.

*Other Listed Public Company Directorships in the last 3 years:*
*Sirius Resources NL - Non-Executive Director (appointed July 2007 – July 2013)*
*Coziron Resources Ltd - Non-Executive Director (appointed October 2010 – current)*

**Mr George Cameron-Dow, Master of Management (cum laude) Wits, SEP Stanford (USA), FAICD, FAIM**
**Non-Executive Chairman**

Mr Cameron-Dow has held several executive and non-executive, listed and private company directorships across a variety of industries.

From 2001 to 2005 Mr Cameron-Dow was a director of corporate advisory and investment firm Churchill Capital Services, where he was responsible for Churchill's private equity interests. He is a founding director of investment advisory firm St George Capital Pty Ltd and investment fund manager Fleming SG Capital Pty Ltd.

Mr Cameron-Dow is past Chairman of a number of retirement funds, past Chairman of a private health insurance fund, past Managing Director of ASX listed Xceed Capital Ltd (now Xceed Resources Ltd) and formerly a director of Consol Limited (a JSE Listed diversified industrial group).

Mr Cameron-Dow has a Master of Management (cum laude) from Wits University and in 1998 attended the Stanford Executive Program at Stanford University, USA. He is a fellow of the Australian Institute of Management, and fellow of the Australian Institute of Company Directors.

*Other Listed Public Company Directorships in the last 3 years:*
*Naracoota Resources Limited - Non-Executive Director (appointed October 2012 – current)*
*Bioxyne Limited – Non-Executive Director (appointed 21 July 2014 – current)*

**Mr Josh Puckridge, BCom**
**Non-Executive Director**

Mr Puckridge has participated in a range of business and corporate advisory ventures and projects for a number of listed resource companies.

Mr Puckridge is an Equity Capital Markets Advisor with investment advisory and funds management firm Fleming SG Capital, prior to which he worked for a national stockbroking firm, advising sophisticated investors in primary market transactions and derivative positions.

*Other Listed Public Company Directorships in the last 3 years:*
*Discovery Resources Limited – Executive Director (appointed December 2010 – current)*

**Mr Stephen Brockhurst, BCom**
**Company Secretary**

Mr Brockhurst has 13 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the Due Diligence process and Prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and Company secretarial services, capital raising, ASX and ASIC compliance requirements.

Mr Brockhurst is currently a Director of Red Emperor Resources NL and Plymouth Minerals, and Company Secretary of Raptor Resources Limited, Jacka Resources Limited and Terrace Resources Limited.

**Interests in the Shares and Options of the Company**

As at the date of this report, the interests of the directors in the ordinary shares of Windward were:

| Directors | Ordinary Shares held in Windward | Unlisted Options held in Windward |
|---|---|---|
| B. Barnes | Nil | Nil |
| D. Frances | 60,000 | 2,400,000 |
| S. Lowe | 155,000 | Nil |
| G. Cameron-Dow | 300,000 | Nil |
| J. Puckridge | 300,000* | Nil |

***** *Balance held at resignation on 1 February 2014*

**Dividends**

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

**Principal Activities**

The principal activity of the Company during the financial year was the acquisition and exploration of precious and base metal projects in the Albany-Fraser Region of Western Australia.

**Operating Results for the Year**

The operating result of the Company for the year was a loss of $10,557,670 (2013: loss $326,275).

**Review of Operations**

During the past year Windward Resources Limited ("Company" or "Winward") agreed to acquire the Fraser Range North (FRN) and the Fraser Range South (FRS) projects from the Creasy Group. The details of this acquisition were announced to the ASX on 24 July 2013, with the consideration comprised of $3,100,000 (reimbursement of past expenses incurred by the Creasy Group) and 18,772,031 shares. This acquisition and associated capital raising were approved by shareholders at the Annual General Meeting held on the 4 October 2013 and completed on 17 October 2013. The Company issued 43,842,500 shares at $0.25 per share to raise $10.96 million.

Including the original two listing tenements, in the FRS area, the Company now holds 8,405km$^2$ of tenure within the Albany-Fraser Orogen.

Since completion of the Creasy transaction the Company has been focused on collecting base data and evaluating which exploration techniques would be the most cost effective and technically efficient at exploring the vast Company landholding. Base data collected includes 65,000 line/km of airborne magnetics and radiometrics, 11,800 surface geochemical samples, 11 line/km of ground electromagnetics, mapping, and 15,000m of regional aircore drilling. This base data has allowed the Company to better target areas for more detailed exploration and to determine whether remote geophysical techniques will be effective in the geological environments encountered within the Company's landholding.

Regional aircore drilling in key areas within the FRN project area has provided invaluable information on the depth and type of cover, the regolith environment, presence of saline ground water or graphite, basement rock-types, and geochemistry/lithogeochemistry. No extensive or deep areas of cover were encountered within the areas drilled in FRN, and no graphite or saline water was identified within the weathered profile. These findings have confirmed the suitability of airborne electromagnetic techniques (EM) to identify buried conductors down to an estimated 125-150m depth.

The significance of the findings from an exploration standpoint are twofold; a) it allows the Company to cover large prospective areas relatively cheaply and effectively (down to an estimated 125-150m), and b) when combined with the information gathered from the wide-spaced drilling, the ability to more accurately rank individual conductors – something very difficult (and often expensive) to do with EM data alone.

A number of target areas within the FRN project will now be flown with HeliTEM (airborne EM) during the September 2014 quarter; any high-priority conductors identified from this survey will have follow-up ground EM programmes followed by drill testing.

Aircore drilling within the FRN project area at the Buningonia North prospect identified highly anomalous regolith and bedrock Ni, Cu, Ag and Co associated with a NNE striking quartz meta-gabbro unit. The anomaly is 1.0km long and contourable in both bedrock Ni (>0.2%) and Cu (>100ppm) and has spatially associated silver anomalism. A ground EM survey over the anomaly identified a discrete deep (350m) conductor with a late time response decay range typical of massive sulphides. This conductor will be ranked with other targets identified by the upcoming HeliTEM survey for subsequent drill testing.

The Company's FRS project area roadside geochemical sampling programme has been completed with numerous base metal anomalies generated. Infill follow-up sampling has also been completed and several stand-out targets require extension sampling within freehold farming land. Land access agreements are currently being negotiated to allow access for this sampling.

The more advanced Kendenup prospect, which was identified as a first order conductor from an airborne HeliTEM survey completed by the Creasy Group prior to completing the transaction with Windward, with subsequent geochemical sampling and ground electromagnetics undertaken by Windward. Following successful landowner negotiations this target will be drill tested in the September 2014 quarter. Pending the outcome of the drilling results further work at the prospect will be evaluated and other nearby conductors will also be investigated.

The Company continues to advance the FRN and FRS project areas with carefully considered persistence always with the aim of making a significant discovery.

### Significant Changes in State of Affairs

Other than those disclosed in this annual report no significant changes in the state of affairs of the Company occurred during the financial year.

### Significant Events after Balance Date

On 17 July 2014, 150,000 unlisted options exercisable at $0.40 on or before 1 September 2016 were cancelled because vesting conditions were not satisfied.

On 11 August 2014, Ms Bronwyn Barnes was appointed as non-executive chair, taking over from Mr. Cameron-Dow, who has acted as interim Chairman since 29 July 2013.

No other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### Indemnification of Officers

Windward has agreed to indemnify all directors and executive officers of the Company, against liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of Windward, except where the liability has arisen from a wilful breach of duty in relation to the Company. The agreement stipulates that Windward will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid a total of $9,400 in insurance premiums, relating to Director and Officer insurance, during the financial period.

### Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company or any part of those proceedings.

### Share Options

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

| Date of Expiry | Exercise Price | Number under Option |
|---:|---:|---:|
| 1 July 2016 | $0.25 | 400,000 |
| 1 July 2016 | $0.40 | 500,000 |
| 1 September 2016 | $0.40 | 1,030,000 |
| 1 September 2016 | $0.50 | 800,000 |
| 1 July 2018 | $0.40 | 500,000 |
| 1 July 2018 | $0.60 | 500,000 |
| 1 July 2018 | $0.80 | 500,000 |

During the year ended 30 June 2014, no ordinary shares of Windward Resources Limited were issued on the exercise of options (2013: nil). No further shares have been issued as a result of the exercise of options since year end.

**Environmental Regulation**

The directors are mindful of the regulatory regime in relation to the impact of the organisation's activities on the environment. There have been no known breaches of any environmental regulation by the Company during the financial period.

**Future Developments, Prospects and Business Strategies**

Windward is a minerals explorer operating within Western Australia. The Company's current focus is to clinically and cost effectively explore its projects for potential ore bodies of economical size and significance.

The Company identifies the following likely developments:

**Intentions to Develop**
Windward is an exploration company with every intention of developing its current, and future, exploration projects. Given the status of the projects, the objectives of developing the projects will be done with the objectives of:

- Increasing the Company's geological understanding of current, and future, project portfolios,
- Using its increased geological understanding to identify potential economic ore bodies, and
- Develop the Company's internal capabilities and intellectual property for the purposes of identifying an economic ore body.

**New Markets**
The Company may in the future decide to enter into new markets; though the Company is currently not assessing any opportunities that may result in the Company entering new markets.

**Raise Funds**
The Company may, potentially, raise further funds in the event further capital is required to develop the Company's prevailing projects.

**Material Business Risks**

***Exploration Risk***
The Fraser Range South Project has been subject to limited exploration and presently does not have any JORC Code compliant mineral resource estimates.

Mineral exploration and development are high-risk undertakings, and there is no assurance that exploration of the Tenements will result in the discovery of an economic resource deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

**Remuneration Report (Audited)**

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of Windward.

For the purposes of this report, the term 'executive' encompasses executive director(s), chief executive, senior executives, general managers and secretaries of the Company.

Details of key management:

**(i) Directors**

| | |
|---|---|
| B. Barnes | Non-Executive Chair (previously Non-Executive Director appointed 1 February) 2014) |
| D. Frances | Managing Director (appointed 1 July 2014) |
| S. Lowe | Non-Executive Director |
| G. Cameron-Dow | Non-Executive Director (previously Interim Chairman) |
| J. Puckridge | Non-Executive Director (resigned 1 February 2014) |

**(ii) Executives**

There were no full time Executives employed by Windward other than the Managing Director during the financial year. The Company engaged the services of SG Corporate Pty Ltd to provide day to day management of the Company including sourcing new investment opportunities for the Company until 1 February 2014. See the *Corporate Services Agreement* heading under note 16 of Financial Statements.

**Remuneration Philosophy**

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives. To this end, Windward provides competitive rewards to attract high calibre executives.

**Remuneration Committee**

Given the small size of the Board of Directors (four directors), it was not considered practical to establish a committee of the Board as a Remuneration Committee. Accordingly the full Board is responsible for determining and reviewing compensation arrangements for the directors and executives. Any Director with a personal interest in a remuneration matter is excused from participating in those discussions and resulting decisions. It is the intention of the Board to establish a Remuneration Committee once the size of the Company increases.

The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality director and executive team.

**Remuneration Structure**

In accordance with best practice, the structure of non-executive director and executive remuneration is separate and distinct.

**Non-Executive Director Remuneration**

**Objective**

The Board aims to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

**Structure**

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

No aggregate amount remuneration amount for non-executive directors has been set as the Company, being incorporated within the last 18 months, has not yet held a general meeting of shareholders to set the amount.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

Each non-executive director receives a fee for being a director of Windward.

The remuneration of non-executive director(s) for the year ending 30 June 2014 is detailed in Table 1.

During the year Windward made payments to director related entities for services rendered to the Company. Refer to note 16.

As non-executive director(s) are not expected to be involved in the performance of the Company to the same degree as executive director(s) it is not considered appropriate for their remuneration to be dependent on the satisfaction of performance criteria.

**Senior Management and Executive Director Remuneration**

Throughout the current financial year the Board of Directors comprised of three non-executive directors with one executive director. In the prior financial year, the Company outsourced the day to day management of the Company to SG Corporate Pty Ltd.

### Remuneration Details for the Year Ended 30 June 2014

The following table details the components of remuneration of each KMP of the Company:

### Table 1: Benefits and Payments for the year ended 30 June 2014

| | Short Term Benefit | | | Post employment | | Equity | | |
|---|---|---|---|---|---|---|---|---|
| | Salary & Fees<br>$ | Cash Bonus<br>$ | Non Monetary Benefits<br>$ | Super-annuation<br>$ | Termination payments<br>$ | Options<br>$ | Total<br>$ | Perform-ance Related<br>% |
| **Non-executive directors** | | | | | | | | |
| B. Barnes | $16,667 | - | - | - | - | - | $16,667 | - |
| S. Lowe | $38,139 | - | - | $3,528 | - | - | $41,667 | - |
| G. Cameron-Dow | $58.333 | - | - | - | - | - | $58.333 | - |
| J. Puckridge | $23,334 | - | - | - | - | - | $23,334 | - |
| **Sub-total non-executive directors** | $136,473 | - | - | $3,528 | - | - | $140,001 | - |
| **Executive directors** | | | | | | | | |
| D. Frances | $275,000 | - | - | $25,437 | - | $118,102 | $418,539 | - |
| **Sub-total executive KMP** | $275,000 | - | - | $25,437 | - | $118,102 | $418,539 | - |
| **Total** | $411,473 | - | - | $28,965 | - | $118,102 | $558,540 | - |

### Table 2: Benefits and Payments for the year ended 30 June 2013

| | Short Term Benefit | | | Post employment | | Equity | | |
|---|---|---|---|---|---|---|---|---|
| | Salary & Fees<br>$ | Cash Bonus<br>$ | Non Monetary Benefits<br>$ | Super-annuation<br>$ | Termination payments<br>$ | Options<br>$ | Total<br>$ | Perform-ance Related<br>% |
| **Non-executive directors** | | | | | | | | |
| S. Lowe – Chairman | $33,651 | - | - | $3,028 | - | - | $36,679 | - |
| G. Cameron-Dow | $30,566 | - | - | - | - | - | $30,566 | - |
| J. Puckridge | $30,566 | - | - | - | - | - | $30,566 | - |
| **Sub-total non-executive directors** | $94,783 | - | - | $3,028 | - | - | $97,811 | - |
| **Executive directors** | | | | | | | | |
| Nil | - | - | - | - | - | - | - | - |
| **Sub-total executive KMP** | - | - | - | - | - | - | - | - |
| **Total** | $94,783 | - | - | $3,028 | - | - | $97,811 | - |

### Options granted as part of remuneration

2,400,000 (2013:nil) options were granted to Key Management Personnel as part of their remuneration during the year. The options were not issued based on performance criteria, but are granted to key management personnel of Winward Resources Limited to increase goal congruence with shareholders.

**Shareholdings of Key Management Personnel**

| Directors | *Balance 01-Jul-12* | *Net Change* | *Balance 30-June-13* |
|---|---|---|---|
| S. Lowe | - | 155,000 | 155,000 |
| G. Cameron-Dow | 300,000 | - | 300,000 |
| J. Puckridge | 300,000 | - | 300,000 |
| **Total** | 600,000 | 155,000 | 755,000 |

| Directors | *Balance 01-Jul-13* | *Net Change* | *Balance 30-June-14* |
|---|---|---|---|
| D. Frances | - | 60,000 | 60,000 |
| B. Barnes | - | - | - |
| S. Lowe | 155,000 | - | 155,000 |
| G. Cameron-Dow | 300,000 | - | 300,000 |
| J. Puckridge | 300,000 | (300,000)* | - |
| **Total** | 755,000 | (240,000) | 515,000 |

* Balance held at resignation on 1 February 2014 (note: net change does not represent sale of shares)

All equity transactions with directors and executives have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

**Option holdings of Key Management Personnel**

| Directors | *Balance 01-Jul-13* | *Net Change* | *Balance 30-June-14* |
|---|---|---|---|
| D. Frances | - | 2,400,000 | 2,400,000 |
| B. Barnes | - | - | - |
| S. Lowe | - | - | - |
| G. Cameron-Dow | - | - | - |
| J. Puckridge | - | - | - |
| **Total** | - | 2,400,000 | 2,400,000 |

No options were held by Key Management Personnel at 30 June 2013.

**Loans to directors and executives**

There are no loans to directors or executives at balance date.

## Directors' Meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the Company for the time the director held office during the financial year are as follows:

| Director | Directors Meetings |
|---|---|
| **Number of Meetings Held** | **9** |
| **Number of Meetings Attended** | |
| Ms Bronwyn Barnes(appointed 1 February 2014) | 3 |
| Mr David Frances | 8 |
| Mr Stephen Lowe | 9 |
| Mr George Cameron-Dow | 8 |
| Mr Josh Puckridge (resigned 1 February 2014) | 6 |

## Committee Membership

Given the small size of the Board of Directors (three directors), it has not been considered practical to establish a committee of the Board as a Remuneration Committee or an Audit Committee. Accordingly the full Board is responsible for determining and reviewing compensation arrangements for the directors and executives, as well as audit and risk matters. It is the intention of the Board to establish a Remuneration Committee and Audit Committee once the size of the Board and the Company operations increase.

## Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability the directors of Windward support and have adhered to the principles of corporate governance except where noted that it is impractical. The Company's corporate governance statements and policies are included on the Company's website.

## Independent Professional Advice

Directors of the Company are expected to exercise considered and independent judgement on matters before them and may need to seek independent professional advice. A director with prior written approval from the Chairman may, at the Company's expense obtain independent professional advice to properly discharge their responsibilities.

## Non Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year ended, 30 June 2014 no fees were paid to Moore Stephens for non-audit services.

**Auditor Independence**

Section 307C of the Corporations Act 2001 requires our auditors, Moore Stephens Perth to provide the directors of the Company with an Independence Declaration in relation to the audit of the Financial Report. The directors received the Independence Declaration set out on page 14 for the year ended 30 June 2014.

Signed in accordance with a resolution of the directors:

**Ms Bronwyn Barnes**
**Non-Executive Chair**

Dated this 23 day of September 2014

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF WINDWARD RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii any applicable code of professional conduct in relation to the audit.

Neil Pace

**Neil Pace**
**Partner**

Moore Stephens

**Moore Stephens**
**Chartered Accountants**

Signed at Perth this 23 day of September 2014

The Board of Directors ("Board") of Windward Resources Limited ("Windward") is accountable to the shareholders and other stakeholders for the performance of the Company. To this end, the Board is committed to maintaining the highest ethical standards and best practice in the area of corporate governance to ensure that the company's business is conducted in the best interests of all concerned.

A description of Windward's main corporate governance practices and policies are set out in this statement and on the Company's web site (www.windwardresources.com.au). Except for the departures explained in this statement, the directors believe that the Company's policies and practices have complied in all substantial respects with the objectives of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Second Edition Corporate Governance Guidelines).

This Corporate Governance Statement is designed to provide investors with updated information with respect to the Company's corporate governance following any change in the Board's composition and companies activities.

The Company is currently in the process of reviewing its corporate governance program and shall provide updated disclosure on its public website as changes are implemented.

| Principle No. | Best Practice Recommendation | Compliance | Reasons for Non-compliance |
|---|---|---|---|
| **1** | **Lay solid foundations for management and oversight** | | |
| 1.1 | Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. | The Company has a Board Charter which clearly establishes the relationship between the Board and management in order to facilitate Board and management accountability to shareholders. The Board Charter is available on the Company's website in the Corporate Governance Plan. | Complies |
| 1.2 | Companies should disclose the process for evaluating the performance of executive management. | The Board will monitor management's performance and implementation of strategies and financial objectives which are set by the Board. This assessment is conducted informally on an ad hoc basis rather than through a formal evaluation process. | Complies |
| 1.3 | Provide related disclosures:<br>- An explanation of any departures from any Principle 1 Recommendation;<br>- Whether a performance evaluation for senior executives has taken place during the reporting period under the process disclosed; and<br>- Make publicly available the Board Charter. | The Company will explain any departures (if any) from its best practice recommendation 1.1 and 1.2 in its future annual reports.<br><br>The Company will disclose whether a performance evaluation has been conducted during the financial year in its future annual reports.<br><br>The Board Charter is available on the Company's website in the Corporate Governance Plan. | Complies |
| **2.** | **Structure of the Board to add value** | | |
| 2.1 | A majority of the Board should be independent directors. | The Board takes the view that none of the Directors, other than Bronwyn Barnes, are independent in terms of the ASX Corporate Governance Council's discussion on independent status. | The Board believes that all Directors are able to, and do, make quality and independent judgements in the best interests of the Company and its shareholders with regards to all issues put before it. It is the Board's opinion that the cost of increasing the size of the Board to create the majority of independent members is greater than its associated benefits for a Company of its current scale. |
| 2.2 | The Chair should be an independent director. | The Chairman for the period ,Mr George Cameron Dow, was not considered to be an independent director. On 11 August 2014, the Company appointed Ms Bronwyn Barnes as the independent Non-Executive chair. | The Board believes that Mr Cameron Dow is able to, and does, make quality and independent judgements in the best interests of the Company and its shareholders. On 11 August 2014, the Company appointed Ms Bronwyn Barnes as the independent Non-Executive chair. |
| 2.3 | The roles of Chair and Chief Executive Officer should not be exercised by the same individual. | The Chairman does not act as an Executive Officer. | Complies |

| Principle No. | Best Practice Recommendation | Compliance | Reasons for Non-compliance |
|---|---|---|---|
| 2.4 | The Board should establish a Nomination Committee. | The Board has not established a Nomination Committee. | The Board considers that the Company is not currently of the relevant size or complexity to warrant the formation of a Nomination Committee.<br><br>The Board currently takes on the responsibility of assessing and identifying the required characteristics in new, and existing, Directors and implementing changes as required.<br><br>Once the Board deems that the Company warrants a Nomination Committee, one will be formed in compliance with this recommendation. |
| 2.5 | Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors. | The Board's overall performance and its own succession plan is conducted informally by the Chair and Directors on an ad hoc basis to ensure that the Board is composed of individuals who have a mix of skills and experience necessary for the conduct of the Company's activities. | Complies |
| 2.6 | Provide related disclosures:<br>- The skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report;<br><br>- The names of the directors considered by the Board to constitute independent directors and the Company's materiality thresholds;<br><br>- The existence of any relationships listed in Box 2.1 and an explanation of why the Board considers a director to be independent, notwithstanding the existence of those relationships;<br><br>- A statement as to whether there is a procedure agreed by the Board to take independent professional advice at the expense of the Company;<br><br>The term of office held by each director in office at the date of the Annual Report; | The information has been disclosed and will be disclosed in future annual reports.<br><br>The information has been disclosed and will be disclosed in future annual reports.<br><br>The information has been disclosed and will be disclosed in future annual reports.<br><br>The information has been disclosed and will be disclosed in future annual reports.<br><br>The information has been disclosed and will be disclosed in future annual reports. | Complies |

| Principle No. | Best Practice Recommendation | Compliance | Reasons for Non-compliance |
|---|---|---|---|
| | - The names of members of the Nomination Committee and their attendance at meetings of the committee, or where a Company does not have a Nomination Committee, how the functions of a Nomination Committee are carried out; | There is no specific Nomination Committee - this function is performed by the entire Board. | Non-Compliance as noted in 2.4 |
| | - Whether a performance evaluation for the Board, its committee(s) and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; | The information has been disclosed and will be disclosed in future annual reports. | |
| | - An explanation of any departures from any Principle 2 Recommendation; | The information has been disclosed and will be disclosed in future annual reports. | |
| | - Make publicly available: | | |
| | - A description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors. | The information has been disclosed in the Board Charter available on the Company's website. | |
| | - The charter of the Nomination Committee or a summary of the role, rights, responsibilities and membership requirements for that committee. | Not applicable – function performed by the Board as a whole | |
| | - The Board's policy for the nomination and appointment of directors. | The information is contained in the Board Charter available on the Company's website. | |

| Principle No. | Best Practice Recommendation | Compliance | Reasons for Non-compliance |
|---|---|---|---|
| **3.** | **Promote ethical and responsible decision -making** | | |
| 3.1 | Companies should establish a code of conduct and disclose the code or a summary of the code as to:<br>- The practices necessary to maintain confidence in the Company's integrity;<br>- The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and<br>-The responsibility and accountability of individuals for reporting and investigating reports of unethical practices. | The Board has adopted a Corporate Code of Conduct, which promotes ethical and responsible decision-making by directors and employees. The Corporate Code of Conduct can be found on the Company's website in the Corporate Governance Plan. The Corporate Code of Conduct emphasises the practices necessary to maintain confidence in the Company's integrity and those practices necessary to take into account the Company's legal obligations and the reasonable expectations of the Company's stakeholders. | Complies |
| 3.2 | Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them. | The Board supports workplace diversity but considers the Company is not yet of the size or maturity to warrant a formal diversity policy. | The Company was incorporated in May 2012 and has focused more on the technical skills of its Board rather than factors pertaining to the social, cultural or gender diversity of its members. |
| 3.3 | Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. | This disclosure has not yet been made. Future annual reports will disclose the measurable objectives for achieving gender diversity set by the Board in accordance with the future Diversity Policy and progress in achieving them. | The Company will evaluate in future Annual Reports how this can be met in considering future Board and key executive appointments. |
| 3.4 | Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women in the Board | This disclosure has not yet been made. Future annual reports will disclose the measurable objectives for achieving gender diversity set by the Board in accordance with the future Diversity Policy and progress in achieving them. | The Company will evaluate in future Annual Reports how this can be met in considering future Board and key executive appointments. |
| 3.5 | Provide related disclosures:<br>- An explanation of any departure from Recommendation 3<br>- Posting to the Company's web site any applicable code of conduct or a summary and the diversity policy or a summary of its main provisions | Explanation of departures from Principles and Recommendations 3.3 and 3.4 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 3.3 and 3.4 (if any) in its future annual reports.<br>The Corporate Governance Plan, which includes the Corporate Code of Conduct and the Diversity Policy is posted on the Company's website. | The Company will evaluate in future Annual Reports how this can be met in considering future Board and key executive appointments. |

| Principle No. | Best Practice Recommendation | Compliance | Reasons for Non-compliance |
|---|---|---|---|
| **4** | **Safeguard integrity in financial reporting** | | |
| 4.1 | The Board should establish an Audit Committee | The Board has not established an Audit Committee. | The Board considers that the Company is not of a size, nor financial complexity, to warrant the formation of an Audit Committee. The Board, as a whole, undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operations of the internal control systems. |
| 4.2 | The Audit Committee should be structured so that it:<br>- Consists only of non-executive directors;<br>- Consists of a majority of independent directors;<br>- Is chaired by an independent director who is not chair of the Board;<br>- Has at least three members. | Given the size and composition of the Board it is not currently possible to satisfy this criteria. | The Board considers that the Company is not of a size, nor financial complexity, to warrant the formation of an Audit Committee. The Board, as a whole, undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operations of the internal control systems. |
| 4.3 | The Audit Committee should have a formal charter | Although the Company does not currently have an Audit Committee, the Audit and Risk Committee Charter can be obtained from the Company's website. | The Board considers that the Company is not of a size, nor financial complexity, to warrant the formation of an Audit Committee. The Board, as a whole, undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operations of the internal control systems. |

| Principle No. | Best Practice Recommendation | Compliance | Reasons for Non-compliance |
|---|---|---|---|
| 4.4 | Provide related disclosures:<br>- The names and qualifications of those appointed to the Audit Committee and their attendance at meetings of the committee, or, where a Company does not have an Audit Committee, how the functions of an Audit Committee are carried out;<br>- The number of meetings of the Audit Committee;<br>- Explanation of any departures from any Principle 4 Recommendation;<br>- The Audit Committee charter;<br>- Information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners. | Non Compliance as noted in 4.1 | Non Compliance as noted in 4.1 |
| **5** | **Make timely and balanced disclosure** | | |
| 5.1 | Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies. | The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and where applicable issuing media releases. | Complies |
| 5.2 | Provide related disclosures:<br>- An explanation of any departure from any Principle 5 Recommendation;<br>- The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements. | Not applicable.<br>The Continuous Disclosure Policy can be found on the Company's website in the Corporate Governance Plan. | Complies |
| **6** | **Respect the rights of shareholders** | | |
| 6.1 | Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. | The Company has developed a shareholder communications strategy to promote timely communication of information to shareholders. The Company is aware of its obligations under the Corporations Act and the listing Rules, to provide the market with information which is not generally available and which may have a material effect on price or value of the Company's securities.<br>Information is communicated to shareholders as follows:<br>• Notices of all shareholder meetings;<br>• All documents that are released publicly will be available on the Company's website. | Complies |

| Principle No. | Best Practice Recommendation | Compliance | Reasons for Non-compliance |
|---|---|---|---|
| 6.2 | Provide related disclosures:<br>- An explanation of any departures from any Principle 6 Recommendation;<br>- A description of how the Company will communicate with its shareholders publicly. | N/A<br><br>The Shareholder Communications Strategy is available on the Company's website in the Corporate Governance Plan. | Complies |
| **7** | **Recognise and manage risk** | | |
| 7.1 | Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. | The Company is committed to the identification, monitoring and management of risks associated with its business activities. The Company's risk management policies are available on the Company's website in the Corporate Governance Plan. | Complies |
| 7.2 | The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. | The Board has designed/implemented and maintained the risk management and internal controls system suitable for a public company. | Complies |
| 7.3 | The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. | The Managing Director and Company Secretary have made a declaration in accordance with Section 295A of the Corporations Act | Complies |
| 7.4 | Provide related disclosures:<br>- An explanation of any departures from any Principle 7 Recommendation;<br>- Whether the Board has received the support from management under Recommendation 7.2;<br>- Whether the Board has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.<br>- A summary of the Company's policies on risk oversight and management of material business risks. | The Company will provide explanation of any departures (if any) from best practice recommendations in its future annual reports.<br><br>The information is disclosed in the annual report<br><br>The Managing Director and Company Secretary have made a declaration in accordance with Section 295A of the Corporations Act.<br><br>The Company's risk management policy is available on the Company's website in the Corporate Governance Plan. | Complies |

| Principle No. | Best Practice Recommendation | Compliance | Reasons for Non-compliance |
|---|---|---|---|
| **8** | **Remunerate fairly and responsibly** | | |
| 8.1 | The Board should establish a Remuneration Committee | The Board has not established a Remuneration Committee. | The Board considers that the Company is not currently of the relevant size or complexity to warrant the formation of a Remuneration Committee. This function is carried out by the full Board.<br><br>Once the Board deems that the Company warrants a Remuneration Committee, one will be formed in compliance with this recommendation. |
| 8.2 | The remuneration committee should be structured so that it:<br>• Consists of a majority of independent directors<br>• Is chaired by the independent chair<br>• Has at least 3 members | Given the size and composition of the Board it is not currently possible to satisfy this criteria. | The Company will continue to evaluate how this can be met in considering future Board appointments. |
| 8.3 | Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives | Complies, refer Directors' Report. | Complies |
| 8.4 | Provide related disclosures:<br>- The names of the members of the Remuneration Committee and their attendance at meetings of the committee, or where a Company does not have a Remuneration Committee, how the functions of a Remuneration Committee are carried out;<br><br>- The existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors;<br><br>- An explanation of any departures from any Principle 8 Recommendation;<br><br>- The charter of the Remuneration Committee or a summary of the role, rights, responsibilities and membership requirements for that committee;<br><br>- A summary of the Company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes. | Non Compliance as noted in 8.1<br><br>Not applicable.<br><br>Not applicable.<br><br>Although the Company does not currently have a Remuneration Committee, the Remuneration Committee Charter can be obtained from the Company's website<br><br>Not applicable. | Non Compliance as noted in 8.1 |

# WINDWARD RESOURCES LIMITED
# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
# FOR THE YEAR ENDED 30 JUNE 2014

| | Note | 2014<br>$ | 2013<br>$ |
|---|---|---|---|
| **Revenue** | 4(a) | 176,331 | 88,496 |
| Employee and consultants expense | 4(b) | (758,643) | (101,756) |
| Exploration and tenement acquisition expense | 4(c) | (9,385,631) | (151,840) |
| Corporate finance and administrative expense | 4(d) | (589,727) | (161,175) |
| **Loss before income tax** | | **(10,557,670)** | **(326,275)** |
| Income tax expense | 5 | - | - |
| Net loss for the financial year | | **(10,557,670)** | **(326,275)** |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | **(10,557,670)** | **(326,275)** |
| **Basic and diluted loss per share (in cents)** | 6 | (15.56) | (1.64) |

The accompanying notes form part of these financial statements

**WINDWARD RESOURCES LIMITED**
**STATEMENT OF FINANCIAL POSITION**
**AS AT 30 JUNE 2014**

| | Note | 2014<br>$ | 2013<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | 5,948,285 | 3,066,707 |
| Trade and other receivables | 8 | 73,104 | 7,778 |
| Other assets | 9 | 49,084 | 1,873 |
| **TOTAL CURRENT ASSETS** | | 6,070,473 | 3,076,358 |
| | | | |
| **NON CURRENT ASSETS** | | | |
| Plant and equipment | 10 | 283,757 | - |
| **TOTAL NON CURRENT ASSETS** | | 283,757 | - |
| | | | |
| **TOTAL ASSETS** | | **6,354,230** | **3,076,358** |
| | | | |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 226,826 | 23,334 |
| **TOTAL CURRENT LIABILITIES** | | 226,826 | 23,334 |
| | | | |
| **TOTAL LIABILITIES** | | **226,826** | **23,334** |
| | | | |
| **NET ASSETS** | | **6,127,404** | **3,053,024** |
| | | | |
| **EQUITY** | | | |
| Contributed Equity | 12 | 16,822,059 | 3,379,319 |
| Reserves | 13 | 189,310 | - |
| Accumulated Losses | | (10,883,965) | (326,295) |
| | | | |
| **TOTAL EQUITY** | | **6,127,404** | **3,053,024** |

The accompanying notes form part of these financial statements

## WINDWARD RESOURCES LIMITED
## STATEMENT OF CASHFLOWS
## FOR THE YEAR ENDED 30 JUNE 2014

| | Note | 2014<br>$ | 2013<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (1,061,772) | (401,088) |
| Exploration and evaluation expenditure | | (2,723,291) | - |
| **Net cash flows from operating activities** | 21 | (3,785,063) | (401,088) |
| **Cash flows from investing activities** | | | |
| Interest received | | 173,830 | 88,496 |
| Payments for plant and equipment | | (330,170) | - |
| Payments for exploration assets | | (3,100,000) | - |
| **Net cash flows from investing activities** | | (3,256,340) | 88,496 |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares in the Company (net of costs) | | 9,922,985 | 3,376,318 |
| **Net cash flows from financing activities** | | 9,922,985 | 3,376,318 |
| Net increase in cash and cash equivalents | | 2,881,578 | 3,063,726 |
| Cash and cash equivalents at the beginning of the year | | 3,066,707 | 2,981 |
| **Cash and cash equivalents at the end of the year** | 7 | 5,948,285 | 3,066,707 |

The accompanying notes form part of these financial statements

# WINDWARD RESOURCES LIMITED
# STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED 30 JUNE 2014

| | Issued Capital<br>$ | Accumulated Losses<br>$ | Reserves<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Balance at 1 July 2012** | 3,001 | (20) | - | (2,981) |
| Loss for the year | - | (326,275) | - | (326,275) |
| Other comprehensive income | - | - | - | - |
| | **-** | **(326,275)** | **-** | **(326,275)** |
| Transactions with equity holders in their capacity as owners | | | | |
| Issue of shares (net of costs) | 3,376,318 | - | - | 3,376,318 |
| **Total transactions with equity holders in their capacity as owners** | **3,376,318** | **-** | **-** | **3,376,318** |
| **Balance at 30 June 2013** | **3,379,319** | **(326,295)** | **-** | **3,053,024** |
| Loss for the year | - | (10,557,670) | - | (10,557,670) |
| Other comprehensive income | - | - | - | - |
| | **-** | **(10,557,670)** | **-** | **(10,557,670)** |
| Transactions with equity holders in their capacity as owners | | | | |
| Issue of shares (net of costs) | 13,442,740 | - | | 13,442,740 |
| Share-based payments | - | - | 189,310 | 189,310 |
| **Total transactions with equity holders in their capacity as owners** | **13,442,740** | **-** | **189,310** | **13,632,050** |
| **Balance at 30 June 2014** | **16,822,059** | **(10,883,965)** | **189,310** | **6,127,404** |

The accompanying notes form part of these financial statements

## 1. CORPORATE INFORMATION

The financial report of Windward Resources Limited ("Company") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 23 September 2014.

Windward Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### (b) New and Amended Accounting Policies Adopted by the Company

The Company has adopted all new and revised accounting standards and interpretations that are relevant to its operations and effective for reporting periods beginning 1 July 2013. None of the new and revised standards and interpretations adopted during the year had a material impact.

### (c) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

- AASB 9*: Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes made to the Standard that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Company's financial statements.

– Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Company's financial statements.

– AASB 2013–3: Amendments to AASB 136 – *Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Company's financial statements.

– AASB 2013–4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Company's financial statements.

– AASB 2013–5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As the parent does not meet the definition of an investment entity, this Standard is not expected to significantly impact the Company's financial statements.

**(d) Segment Reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision makers – being the Board of Directors.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 "Operating Segments" are combined and disclosed in a separate category called "other".

**(e) Interest in Jointly Controlled Assets**

The Company has an interest in a Farm-in and Joint Venture ("Joint Venture"), whereby the Company has a contractual arrangement that establishes the right, but not obligation, to earn an economic interest in the Tenements held by the Company's counterparty to the Farm-in and Joint Venture.

The Company recognises its interest in the Joint Venture using the proportionate consolidated method. The Company combines its proportionate share of each of all assets, liabilities, income and expenses incurred under the Joint Venture with similar items, line by line, in its financial statements.

The Company has yet to take any percentage interest in the Joint Venture as the Company has not yet met the initial Farm-in terms. See Note 19 for full details of the Joint Venture.

### (f) Exploration and Evaluation Assets

Exploration and evaluation expenditure in relation to the Company's mineral tenements is expensed as incurred. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

### (g) Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(n) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and equipment | 5% –50% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

### (h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

### (i) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed over an ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to note 1(m) for further discussion on the determination of impairment losses.

### (j) Trade and Other Payables

Liability for trade creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

### (k) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

**Interest**
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

### (l) Income Tax

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

**(m) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments other then loans receivables and financial liabilities. The Company does not currently hold any other classification of financial assets.

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**Impairment**

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**(n) Impairment of Assets**

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

**(o) Other Taxes (Goods and Services Tax)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Statement of Cashflows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(p) Loss Per Share**

Basic loss per share is calculated as the net loss attributable to members of Windward, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as the net loss attributable to members of Windward, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

  divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(q) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (r) Employee Benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the Statement of Financial Position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the Statement of Financial Position.

**Equity-settled compensation**

The Company operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

### (s) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

**Share based payment transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 14.

For equity transactions with consultants and other employees, the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black-Scholes option pricing model.

## 3. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. The Company has one main operating segment being exploration for mineral resources in Australia.

**Business Segments**

| | Exploration | Other | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Year ended 30 June 2014** | | | |
| **Segment Revenue** | | | |
| Segment revenue from external parties | - | 176,331 | 176,331 |
| Total Segment Revenue | - | 176,331 | 176,331 |
| Segment Result | (9,385,631) | (1,172,039) | (10,557,670) |
| Segment total assets | 274,585 | 6,079,645 | 6,354,230 |
| Segment total liabilities | (48,933) | (177,893) | (226,826) |
| Capital expenditure | (320,396) | (9,774) | (330,170) |
| Segment depreciation & amortisation | (45,811) | (602) | (46,413) |
| **Segment Cash Flow** | | | |
| Net cash flow from operating activities | (2,723,291) | (1,061,772) | (3,785,063) |
| Net cash flow from investing activities | (3,420,396) | 164,056 | (3,256,340) |
| Net cash flow from financing activities | - | 9,922,985 | 9,922,985 |
| **Year ended 30 June 2013** | | | |
| **Segment Revenue** | | | |
| Segment revenue from external parties | - | 88,496 | 88,496 |
| Total Segment Revenue | - | 88,496 | 88,496 |
| Segment Result | (151,840) | (174,435) | (326,275) |
| Segment total assets | - | 3,076,358 | 3,076,358 |
| Segment total liabilities | - | 23,334 | 23,334 |
| Capital expenditure | - | - | - |
| Segment depreciation & amortisation | - | - | - |
| **Segment Cash Flow** | | | |
| Net cash flow from operating activities | (151,840) | (249,248) | (401,088) |
| Net cash flow from investing activities | - | 88,496 | 88,496 |
| Net cash flow from financing activities | - | 3,376,318 | 3,376,318 |

**Basis of accounting for purposes of reporting by operating segments**

**Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those of the Company disclosed in Note 2.

## 4. REVENUES AND EXPENSES

| | | 2014<br>$ | 2013<br>$ |
|---|---|---|---|
| **(a)** | **Revenue** | | |
| | Interest revenue | 176,331 | 88,496 |
| **(b)** | **Employee and consultants expense** | | |
| | Directors fees and employee wages | 493,776 | 94,783 |
| | Superannuation | 75,557 | 3,028 |
| | Share based payment expense | 189,310 | - |
| | Consultants | - | 3,945 |
| | | 758,643 | 101,756 |
| **(c)** | **Exploration and tenement acquisition expense** | | |
| | Tenement Acquisition | 6,619,756 | - |
| | General exploration | 2,141,161 | 108,843 |
| | Tenement rent and administration | 624,714 | 42,997 |
| | | 9,385,631 | 151,840 |
| **(d)** | **Corporate finance and administrative expense** | | |
| | Corporate services fee | 133,200 | 84,000 |
| | Legal fees | 18,954 | 33,207 |
| | Insurance | 24,608 | 9,367 |
| | General office administration | 218,306 | 34,601 |
| | Depreciation | 46,413 | - |
| | Rent and outgoings | 148,246 | - |
| | | 589,727 | 161,175 |

## 5. INCOME TAX

Major components of income tax expense are:

| **Income Statement** | **2014 $** | **2013 $** |
|---|---|---|
| Income tax expense reported in the Statement of Profit and Loss and Other Comprehensive Income | - | - |

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

| | **2014 $** | **2013 $** |
|---|---|---|
| Net loss before income tax expense | (10,557,670) | (326,275) |
| Prima facie tax calculated at 30% (2013: 30%) | (3,167,301) | (97,882) |
| Non-deductible expenses | 58,058 | 537 |
| Current year tax losses not recognised | 1,252,819 | 94,795 |
| Temporary differences not recognised | 1,946,011 | 2,550 |
| Deductible equity raising costs | (89,587) | - |
| Income tax expense | **-** | **-** |

| | **2014 $** | **2013 $** |
|---|---|---|
| Unrecognised deferred tax assets | | |
| Deductible temporary differences | 2,283,512 | 2,550 |
| Revenue losses | 1,371,164 | 94,795 |
| | 3,654,676 | 97,345 |

**Availability of Tax Losses**

The availability of the tax losses for future periods is uncertain and will be dependent on the Company satisfying strict requirements with respect to continuity of ownership and the same business test imposed by income tax legislation.

The recoupment of available tax losses as at 30 June 2014 is contingent upon the following:

(a) the Company deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;

(b) the conditions for deductibility imposed by income tax legislation continuing to be complied with; and

(c) there being no changes in income tax legislation which would adversely affect the Company from realising the benefit from the losses.

Given the Company is currently in a loss making position, a deferred tax asset has not been recognised with regard to unused tax losses, as it has not been determined that the Company will generate sufficient taxable profit against which the unused tax losses can be utilised.

## 6. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the net loss and share data used in the basic and diluted loss per share computations:

| | **2014** **$** | **2013** **$** |
|---|---|---|
| Net loss from continuing operations | (10,557,670) | (326,275) |
| Weighted average number of ordinary shares for basic and diluted loss per share | 67,854,007 | 19,870,404 |
| Basic and diluted loss per share (in cents) | (15.56) | (1.64) |

There have been no transactions, that have completed or will complete, involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the balance date and the date of these financial statements. See *Significant Events after Balance Date (Note 22)* for more information.

## 7. CASH AND CASH EQUIVALENTS

| | **2014** **$** | **2013** **$** |
|---|---|---|
| Cash at bank and in hand | 5,948,285 | 3,066,707 |

Cash at bank and in hand earns interest at floating rates based on daily at call bank deposit and savings rates.

The fair value of cash and cash equivalents at 30 June 2014 was $5,948,285 (2013: $3,066,707).

## 8. TRADE AND OTHER RECEIVABLES (CURRENT)

| | **2014** **$** | **2013** **$** |
|---|---|---|
| Other receivables | 73,104 | 7,778 |

Other receivables are non-interest bearing and are generally on 30 – 90 day terms.

Other receivables are neither impaired nor past due. It is expected that these balances will be received when due.

## 9. OTHER ASSETS (CURRENT)

| | **2014** **$** | **2013** **$** |
|---|---|---|
| Prepayments | 49,084 | 1,873 |

## 10. PLANT AND EQUIPMENT

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Plant and equipment – at cost | 330,170 | - |
| Accumulated depreciation | (46,413) | - |
| | 283,757 | - |

| | | |
|---|---|---|
| **Plant and equipment – at cost** | | |
| At beginning of year | - | - |
| Additions | 330,170 | - |
| Depreciation | (46,413) | - |
| At end of year | 283,757 | - |

## 11. TRADE AND OTHER PAYABLES

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Trade payables | 83,550 | 13,748 |
| Other payables | 143,276 | 9,586 |
| | 226,826 | 23,334 |

Trade payables and other payables are non-interest bearing and are normally settled on 30 to 60 day terms. Other payables are non-interest bearing and have an average term of 45 days.

## 12. CONTRIBUTED EQUITY

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Ordinary shares | | |
| Issued and fully paid | 16,822,059 | 3,379,319 |

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | *Number* | *$* | *Number* | *$* |
| Movement in ordinary shares on issue | | | | |
| At beginning of period | 25,442,500 | 3,379,319 | 3,000,000 | 3,001 |
| Issue of promoter shares | - | - | 1,000,000 | 1,000 |
| Issue of shares pursuant to seed prospectus | - | - | 11,442,500 | 1,830,800 |
| Issue of shares pursuant to IPO prospectus | - | - | 10,000,000 | 2,000,000 |
| Issue of shares for Fraser Range Acquisition | 18,772,031 | 3,519,756 | | |
| Issue of shares – private placement | 43,842,500 | 10,960,625 | | |
| Transaction costs | - | (1,037,641) | - | (455,482) |
| At end of year | 88,057,031 | 16,822,059 | 25,442,500 | 3,379,319 |

## 13. RESERVES

| | 2014 $ | 2013 $ |
|---|---|---|
| Share-based payment reserve | 189,310 | - |
| **Movement in share-based payment reserve** | | |
| At beginning of period | - | - |
| Options granted to employees | 189,310 | - |
| At end of period | 189,310 | - |

**Share-based payment reserve**
The share based payments reserve arises on the grant of share options to directors, executives and senior employees as part of their remuneration and to consultants for services provided. Further information about share-based payments to employees is made in Note 14 to the financial statements.

## 14. SHARE-BASED PAYMENTS

The following share based payments were in existence during the year:

| | 2014 $ | 2013 $ |
|---|---|---|
| On 17 October 2013, 18,772,031 fully paid ordinary shares were issued as part consideration for the acquisition of 70% of the Fraser Range North and South Projects from the Creasy Group (a) | 3,519,756 | |
| On 4 October 2013, 400,000 unlisted options exercisable at $0.25 on or before 1 July 2016 (Tranche 1) were granted to the Managing Director for nil consideration, vesting on completion of 6 months employment (b) | 57,600 | - |
| On 4 October 2013, 500,000 unlisted options exercisable at $0.40 on or before 1 July 2016 (Tranche 2) were granted to the Managing Director for nil consideration, vesting on completion of 12 months employment (c) | 55,793 | - |
| On 4 October 2013, 500,000 unlisted options exercisable at $0.40 on or before 1 July 2018 (Tranche 3) were granted to the Managing Director for nil consideration, vesting on exercise of Tranche 1 (d) | 2,056 | - |
| On 4 October 2013, 500,000 unlisted options exercisable at $0.60 on or before 1 July 2018 (Tranche 4) were granted to the Managing Director for nil consideration, vesting on exercise of Tranche 2 (e) | 1,760 | - |
| On 4 October 2013, 500,000 unlisted options exercisable at $0.80 on or before 1 July 2018 (Tranche 5) were granted to the Managing Director for nil consideration, vesting on exercise of Tranche 3 (f) | 893 | - |
| On 17 March 2014, 1,030,000 unlisted options exercisable at $0.40 on or before 1 September 2016 were granted to Employees for nil consideration, vesting on completion of 12 months employment (g) | 70,097 | - |
| On 17 March 2014, 800,000 unlisted options exercisable at $0.50 on or before 1 September 2016 were granted to Employees for nil consideration, vesting on achievement of 250oz or equivalent JORC resource (h) | 1,111 | - |

**Fair value of ordinary shares issued during the period:**

(a) The fair value of ordinary shares issued were determined by reference to market price.

**Fair value of shares options issued during the period:**

(b) The options were deemed to have a fair value of $0.144 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

| | |
|---|---|
| Share price | $0.27 |
| Exercise price | $0.25 |
| Expected volatility | 80% |
| Risk-free interest rate | 3.00% |
| Annualised time to expiry | 2.74 |

(c) The options were deemed to have a fair value of $0.112 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

| | |
|---|---|
| Share price | $0.27 |
| Exercise price | $0.40 |
| Expected volatility | 80% |
| Risk-free interest rate | 3.00% |
| Annualised time to expiry | 2.74 |

(d) The options were deemed to have a fair value of $0.153 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

| | |
|---|---|
| Share price | $0.27 |
| Exercise price | $0.40 |
| Expected volatility | 80% |
| Risk-free interest rate | 3.00% |
| Annualised time to expiry | 4.74 |

(e) The options were deemed to have a fair value of $0.131 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

| | |
|---|---|
| Share price | $0.27 |
| Exercise price | $0.60 |
| Expected volatility | 80% |
| Risk-free interest rate | 3.00% |
| Annualised time to expiry | 4.74 |

(f) The options were deemed to have a fair value of $0.115 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

| | |
|---|---|
| Share price | $0.27 |
| Exercise price | $0.80 |
| Expected volatility | 80% |
| Risk-free interest rate | 3.00% |
| Annualised time to expiry | 4.74 |

(g) The options were deemed to have a fair value of $0.138 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

| | |
|---|---|
| Share price | $0.32 |
| Exercise price | $0.40 |
| Expected volatility | 80% |
| Risk-free interest rate | 3.00% |
| Annualised time to expiry | 2.46 |

(h) The options were deemed to have a fair value of $0.119 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

| | |
|---|---|
| Share price | $0.32 |
| Exercise price | $0.50 |
| Expected volatility | 80% |
| Risk-free interest rate | 3.00% |
| Annualised time to expiry | 2.46 |

A summary of the movements of all unlisted options granted is as follows:

| | **Number** | **Weighted Average Exercise Price ($)** |
|---|---|---|
| **Options outstanding as at 30 June 2013** | - | - |
| Granted | 4,230,000 | 0.48 |
| Exercised | - | - |
| Expired | - | - |
| **Options outstanding as at 30 June 2014** | 4,230,000 | 0.48 |

As at 30 June 2014, 400,000 unlisted options have vested and are exercisable.

## 14. DIRECTORS AND EXECUTIVE DISCLOSURES

### (a) Remuneration of Key Management Personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel (KMP) for the year ended 30 June 2014.

The totals of remuneration paid to the KMP of the Company during the year are as follows:

| | **2014** | **2013** |
|---|---|---|
| | **$** | **$** |
| Short-term employee benefits | 411,473 | 94,783 |
| Post-employment benefits | 28,965 | 3,028 |
| Share-based payments | 118,102 | - |
| | 558,540 | 97,811 |

## 15. RELATED PARTY DISCLOSURE

***Farm-in and Joint Venture Agreement***

The Company is party to a Farm-in and Joint Venture Agreement under which the Company may acquire up to a 70% interest in the Fraser Range South Project, held by NBX Pty Ltd (“NBX”). NBX is a member of the Creasy Group and will receive benefits under this Farm-in and Joint Venture Agreement.

Under the Farm-in and Joint Venture Agreement Windward is required to spend $600,000 in exploration over two years to earn a 70% interest in the Tenements.

Mr Stephen Lowe, Non-Executive Director of Windward, is an employee of the Creasy Group. Directors without a material personal interest, consider the Farm-in and Joint Venture Agreement to be on arms’ length terms.

***Corporate Services Agreements***

Mr George Cameron-Dow, Non-Executive Director of Windward, is a director and shareholder of SG Corporate Pty Ltd (“SG Corporate”).

During the financial year, SG Corporate received :

- a combined management fee of $72,000 (2013:$150,000) plus GST for work related to provision of registered offices, company secretarial and accounting services.

- a payment of $150,000 (plus GST) for consulting services in regards to the acquisition of the Fraser Range tenements, associated capital raising and overall management of the transaction completion

## 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company’s principal financial instruments comprise receivables, payables and cash which arise directly from its operations.

The Company manages its exposure to key financial risks, in accordance with its financial risk management policy. The objective of the policy is to support the delivery of financial targets whilst protecting future financial security.

The main risks arising from the Company’s financial instruments are interest rate risk, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

**Risk Exposures and Responses**

*Interest rate risk*

The Company generates income from interest on surplus funds.

At balance date, the Company had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| **Financial Assets** | | |
| Cash and cash equivalents | 5,948,285 | 3,066,707 |
| Net exposure | 5,948,285 | 3,066,707 |

The Company periodically analyses its interest rate exposure. Within this analysis consideration is given to alternative financing, hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The reasonably possible changes in interest rates used below were derived by reference to the maximum movement in historical interest rates per year over the last 10 years.

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

Judgments of reasonably possible movements (based on historical yearly movements in interest rates):

| | **Net Profit Higher/ (Lower)** | | **Equity Higher/ (Lower)** | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| | **$** | **$** | **$** | **$** |
| Average Balance | $6,210,455 | $2,725,333 | $6,210,455 | $2,725,333 |
| +1% (100 basis points) | $62,105 | $27,253 | $62,105 | $27,253 |
| -0.5% (50 basis points) | ($31,052) | ($13,626) | ($31,052) | ($13,626) |

The movements in profit are due to higher/lower interest income on cash balances. The sensitivity is higher in 2014 than in 2013 due to higher balances of cash held at the end of the current year.

*Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks. The Company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the balance sheet date. The Company considers the credit standing of counterparties when making deposits to manage the credit risk.

*Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company holds the majority of its financial assets as cash deposits and has minimal liabilities hence does not have any material liquidity risk at year end.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities as at 30 June 2013. Cash flows for financial liabilities with fixed amount or timing are presented with their respective discounted cash flows for the respective upcoming fiscal years.

The remaining contractual maturities of the Company's financial liabilities are:

| | **2014** | **2013** |
|---|---|---|
| | **$** | **$** |
| *6 months or less* | 226,826 | 23,334 |
| | 226,826 | 23,334 |

**Maturity analysis of financial assets and liabilities based on management's expectation**

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. To monitor existing financial assets and liabilities as well as to enable effective control of future risks, the Company has established risk reporting processes covering its business units that reflect expectations of management of expected settlement of financial assets and liabilities.

| **2014** | ***≤6 months*** | ***6-12 months*** | ***1-5 years*** | ***>5 years*** | ***Total*** |
|---|---|---|---|---|---|
| | ***$*** | ***$*** | ***$*** | ***$*** | ***$*** |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 5,948,285 | - | - | - | 5,948,285 |
| Trade and other receivables | 73,104 | - | - | - | 73,104 |
| **Financial Liabilities** | | | | | |
| Trade and other payables | (226,826) | - | - | - | (226,826) |
| Net maturity | 5,974,563 | - | - | - | 5,974,563 |

| **2013** | ***≤6 months*** | ***6-12 months*** | ***1-5 years*** | ***>5 years*** | ***Total*** |
|---|---|---|---|---|---|
| | ***$*** | ***$*** | ***$*** | ***$*** | ***$*** |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 3,066,707 | - | - | - | 3,066,707 |
| Trade and other receivables | 7,778 | - | - | - | 7,778 |
| **Financial Liabilities** | | | | | |
| Trade and other payables | (23,334) | - | - | - | (23,334) |
| Net maturity | 3,051,151 | - | - | - | 3,051,151 |

The Company monitors rolling forecasts of liquidity reserves on the basis of expected cash flow.

*Fair values*

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

## 17. COMMITMENTS

***Farm-in and Joint Venture Agreement***

The Company is party to a Farm-in and Joint Venture Agreement under which the Company may acquire an interest of up to 70% interest in the Fraser Range South Project, held by NBX Pty Ltd. The Company is required to spend $300,000 within the first year of the Joint Venture to earn a 30% interest and a further $300,000 in the second year to earn the remaining 40%. In the event the Company fails to meet the first two years' expenditure requirement, it will be deemed to have withdrawn from the Farm-in and Joint Venture Agreement.

***Office Rent***

The Company is party to a property lease for its office located at 8 Kings Park Road, West Perth. The lease is non-cancellable with a two-year term expiring on 14 July 2015 and an option to renew the lease for an additional term of three years.

| Non-cancellable operating leases contracted for but not recognised in the financial statements | **2014**<br>**$** | **2013**<br>**$** |
|---|---|---|
| Payable – minimum lease payments: | | |
| – not later than 12 months | 106,496 | - |

***Exploration Expenditure Commitments***

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the relevant authorities. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| – not later than 12 months | 3,099,000 | - |

## 18. JOINTLY CONTROLLED ASSET

***Farm-in and Joint Venture Agreement***

On 10 October 2012, Windward entered into a Farm-in and Joint Venture agreement with NBX Pty Ltd ("NBX"), an entity controlled by Mark Gareth Creasy, to acquire up to a 70% interest in two granted exploration tenements, E70/4083 and E70/4085, in the Albany Fraser Range belt of Western Australia ("Tenements") ("Agreement").

Under the Agreement, Windward has assumed the operatorship of the Tenements, which cover a combined total area of 767km$^2$. Windward is to earn a 70% legal and beneficial interest in the Tenements by spending $600,000 on exploration within two years of entering the agreement. Windward's only obligation under the Agreement is to keep the Tenements in good standing whilst the Agreement stands.

Material terms of the Agreement are summarised as:

(**Earn-in Expenditure**) NBX has granted to Windward the right earn a 70% in the Tenements by funding expenditure of $600,000 over two years as follows:

a) $300,000 expenditure within the first year to earn a 30% interest; and
b) a further $300,000 expenditure in the second year to earn an additional 40% interest (70% in total).

(**Prospector Rights**) NBX (through its employees, consultants and agents) has the right to fossick and prospect for alluvial and elluvial gold, or other minerals on the Tenements by using a metal detector, other handheld equipment and mobile mechanised equipment to recover gold, or other minerals in surface soils and recent alluvials, with any gold, or other minerals recovered to remain the sole and absolute property of NBX.

(**Joint Venture**) With effect from completion of the farm-in component of the Farm-in and Joint Venture agreement, the parties will form a formal joint venture for the purpose of undertaking the further exploration on the Tenements. The initial participating interests will be Windward 70% and NBX 30%. Windward must sole fund the joint venture exploration costs until the completion of any bankable feasibility study on the Tenements.

(**Decision to mine**) A decision to conduct mining operations is to be made by a majority vote. A participant electing not to participate is deemed to have transferred their interest in the mining area in return for a 2% royalty on the gross revenue from the sale of materials produced from the Tenements.

(**Usual Terms**) The Agreement contains terms customarily found in a joint venture agreement for the management, operation and reporting on the activities of the joint venture, as well as, pre-emptive rights over each participant's joint venture interest.

As at 30 June 2014, the Company has spent $292,275 (2013:$151,840) in relation to the earn in expenditure requirements.

## 19. AUDITORS' REMUNERATION

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Remuneration of the auditor for: | | |
| - Auditing or reviewing the financial statements | 15,900 | 12,500 |
| - Other services | - | 11,358 |

## 20. CASHFLOW INFORMATION

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| **a. Reconciliation from the net loss after tax to the net cash flows from operations** | | |
| Net loss | (10,557,670) | (326,275) |
| *Adjustments for:* | | |
| Depreciation | 46,413 | - |
| Interest received (included in investing activities) | (173,830) | (88,496) |
| Exploration assets acquired (included in investing activities) | 3,100,000 | - |
| Share based payments | 3,709,069 | - |
| *Changes in assets and liabilities:* | | |
| (Increase)/decrease in trade and other receivables | (65,326) | (7,778) |
| (Increase)/decrease in other assets | (47,211) | (1,873) |
| (Decrease)/increase in trade and other payables | 203,492 | 23,334 |
| Net cash from operating activities | (3,785,063) | (401,088) |

**b. Non-cash financing and investing activities**

During the financial year, 18,772,031 fully paid ordinary shares with a fair value of $0.1875 each were issued as part consideration for the acquisition of 70% of the Fraser Range North and South Projects from the Creasy Group.

## 21. EVENTS AFTER THE BALANCE SHEET DATE

On 17 July 2014, 150,000 unlisted options exercisable at $0.40 on or before 1 September 2016 were cancelled because vesting conditions were not satisfied.

On 11 August 2014, Ms Bronwyn Barnes was appointed as Non-Executive Chair, taking over from Mr. Cameron-Dow, who has acted as interim Chairman since 29 July 2013.

No other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**WINDWARD RESOURCES LIMITED**
**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Windward Resources Limited, I state that:

1. In the opinion of the directors:

   (a) the financial statements, notes and additional disclosures included in the Directors' Report designated as audited by the company and of the Company are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Company's and the Company's financial position as at 30 June 2014 and of their performance for the year ended on that date.

      (ii) complying with Accounting Standards and *Corporations Regulations 2001*.

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for financial year ended 30 June 2014.

Signed in accordance with a resolution of the Board of Directors:

B L Barnes

**Ms Bronwyn Barnes**
**Non-Executive Chair**

Dated this 23 day of September 2014

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WINDWARD RESOURCES LIMITED

## Report on the Financial Report

We have audited the accompanying financial report of Windward Resources Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Windward Resources Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

*Auditor's Opinion*

In our opinion:

a. the financial report of Windward Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the remuneration report as included in the Directors' Report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the remuneration report of Windward Resources Limited for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.

Neil Pace

Moore Stephens

**Neil Pace**
**Partner**

**Moore Stephens**
**Chartered Accountants**

Signed at Perth this 23 day of September 2014

**WINDWARD RESOURCES LIMITED**
**SHAREHOLDER INFORMATION**

The 20 largest registered holders of each class of security as at 1 September 2014 were:

| Rank | Name | Shares held | % |
|---|---|---|---|
| 1 | LAKE RIVERS GOLD PTY LTD | 15,708,595 | 17.839% |
| 2 | YANDAL INVESTMENTS PTY LTD | 7,750,000 | 8.801% |
| 3 | FLEMING SG CAPITAL SPECIAL OPPORTUNITIES PTY LTD <FLEM SG CAP SPECIAL OPP FND> | 3,125,000 | 3.549% |
| 4 | JEMAYA PTY LTD <THE FEATHERBY FAMILY A/C> | 2,500,000 | 2.839% |
| 5 | PERTH SELECT SEAFOODS PTY LTD | 2,000,000 | 2.271% |
| 6 | ZERO NOMINEES PTY LTD | 2,000,000 | 2.271% |
| 7 | MR CHRIS PAUL LAWRENCE | 2,000,000 | 2.271% |
| 8 | NBX PTY LTD | 1,483,488 | 1.685% |
| 9 | MR SAXON TRAVIS BALL | 1,476,864 | 1.677% |
| 10 | MR ALAN GRUBISA & MRS THELMA KAYE GRUBISA <GRUBISA S/F NO2A/C> | 1,000,000 | 1.136% |
| 11 | TARNEY HOLDINGS PTY LTD <DP & FL WADDELL FAMILY A/C> | 1,000,000 | 1.136% |
| 12 | CHIFLEY PORTFOLIOS PTY LTD <DAVID HANNON A/C> | 1,000,000 | 1.136% |
| 13 | GOLDFIRE ENTERPRISES PTY LTD | 1,000,000 | 1.136% |
| 14 | BLUEDALE PTY LTD <COMB SUPER FUND A/C> | 1,000,000 | 1.136% |
| 15 | CEN PTY LTD | 900,000 | 1.022% |
| 16 | PONTON MINERALS PTY LTD | 897,563 | 1.019% |
| 17 | RAVINA QLD PTY LTD | 890,000 | 1.011% |
| 18 | CITICORP NOMINEES PTY LTD | 840,770 | 0.955% |
| 19 | ROXTRUS PTY LTD | 800,000 | 0.909% |
| 20 | TRADE HOLDINGS PTY LTD <K H & R M ALLISTER S/F A/C> | 800,000 | 0.909% |
| | | 48,172,280 | 54.706% |

| Shares Range | | | Holders | Units | % |
|---|---|---|---|---|---|
| 1 | - | 1,000 | 12 | 569 | 0.001% |
| 1,001 | - | 5,000 | 69 | 235,355 | 0.267% |
| 5,001 | - | 10,000 | 165 | 1,579,774 | 1.794% |
| 10,001 | - | 100,000 | 350 | 14,713,052 | 16.709% |
| 100,001 | - | >100,001 | 110 | 71,528,281 | 81.229% |
| | | | 706 | 88,057,031 | 100.000% |

There were 20 holders of less than a marketable parcel of ordinary shares.

**Listed Options:**

Nil

**Unlisted Options:**

| Date of Expiry | Exercise Price | Number under Option |
|---|---|---|
| 1 July 2016 | $0.25 | 400,000 |
| 1 July 2016 | $0.40 | 500,000 |
| 1 September 2016 | $0.40 | 1,030,000 |
| 1 September 2016 | $0.50 | 800,000 |
| 1 July 2018 | $0.40 | 500,000 |
| 1 July 2018 | $0.60 | 500,000 |
| 1 July 2018 | $0.80 | 500,000 |

**Voting Rights**

The voting rights attaching to ordinary shares are:

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Substantial Shareholders**

| | Ordinary Shares | Voting Power |
|---|---|---|
| Lake Rivers Gold Pty Ltd | 15,708,595 | 17.839% |
| Yandal Investment Pty Ltd | 7,750,000 | 8.801% |

**Use of Cash and Assets**

The Company used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives stated in the company's prospectus dated 15 October 2012.