



WINDWARD
RESOURCES LTD
ACN: 158 432 270

Financial Report
for the Half-Year Ended
31 December 2014

**WINDWARD RESOURCES LIMITED
CORPORATE DIRECTORY**

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.winres.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
Suite 8, 8 Clive 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
Exchange Plaza
2 The Esplanade
Perth Western Australia 6000

ASX Code

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**WINDWARD RESOURCES LIMITED
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WINDWARD RESOURCES LIMITED

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2014.

Directors

The names of the directors of Windward Resources Limited ("Windward" or the "Company") in office during the half-year are listed below. Unless otherwise indicated, all directors held their position as a director throughout the entire half-year and up to the date of this report.

Ms Bronwyn Barnes (Non-Executive Chair)
Mr David Frances (Managing Director)
Mr Stephen Lowe (Non-Executive Director)
Mr George Cameron-Dow (Non-Executive Director)

Results of Operations

Windward's net loss after income tax for the half-year was \$2,346,107 (2013:\$8,367,251).

Review of Operations

Exploration Activities

Windward has continued work on both the Fraser Range North (FRN) and Fraser Range South (FRS) projects.

Airborne and ground based electromagnetic surveys, RC and diamond drilling, geological mapping, surface geochemical sampling and rock chip sampling were undertaken during the period.

Ongoing geochemical surface sampling on the FRN project on both regional and prospect scale was carried out. Roadside infill sampling of anomalous areas previously identified on the FRS project was also completed.

Airborne electromagnetic (HeliTEM) data acquisition was undertaken over several areas on the FRN project, with several first-order conductors identified. These were followed up with ground EM which confirmed the first order conductors at the Turcaud and Cundeelee prospects. Ground EM at the Kendenup prospect (FRS) confirmed the previously identified HeliTEM conductor.

RC drilling was carried out at the Uraryie and Turcaud prospects on the FRN project area. The Uraryie prospect was drilled to follow-up anomalous historical rare earth element (REE) drilling intersections; only low-levels of REE's were intersected in the recent drilling. RC drilling at Turcaud failed to intersect the first-order conductor so downhole EM (DHEM) will be undertaken to better locate the conductor.

A two hole diamond drilling programme was completed at the Kendenup prospect (FRS). The programme was undertaken to test a coincident 20 times background nickel in soil anomaly sitting above a discrete EM conductor. Both holes intersected sulphidic and graphitic metasediments and mafic-ultramafic intrusive rocks with zones of low-level gold. No further work was undertaken.

The Company will continue to conduct exploration work on both the FRN and FRS projects in the coming year.

Corporate

On 15 January 2014 Windward announced the appointment of Ms Bronwyn Barnes as a Non-Executive Director, effective 1 February 2014; Ms Barnes assumed the role of Chair on 11 August 2014.

WINDWARD RESOURCES LIMITED DIRECTORS' REPORT

Competent Persons Statement

The information in this report that relates to exploration results is based upon information compiled by Mr Alan Downie, a full - time employee of Windward Resources Limited. Mr Downie is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Downie consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

Subsequent Events

No matter or circumstance has arisen that significantly affected, or may significantly affect, the operations of Windward Resources Limited, the results of those operations or the state affairs of Windward Resources Limited in subsequent years that is not otherwise disclosed in the financial statements.

Auditor Independence

The lead auditor's independence declaration for the half-year ended 31 December 2014 is set out on page 5.

Signed in accordance with a resolution of the directors:



Ms Bronwyn Barnes
Non-Executive Chair

6 March 2015

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephens.com.au

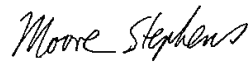
**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF WINDWARD
RESOURCES LIMITED**

As lead auditor for the review of Windward Resources Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 6th day of March 2015

WINDWARD RESOURCES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31/12/2014	31/12/2013
		\$	\$
Revenue	4	84,643	74,407
Employee and consultants expense		(379,346)	(191,873)
Exploration and tenement acquisition expense	5	(1,835,997)	(7,872,196)
Corporate finance and administration expense		(305,407)	(377,589)
Loss before income tax		(2,436,107)	(8,367,251)
Income tax expense		-	-
Loss for the period		(2,436,107)	(8,367,251)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(2,436,107)	(8,367,251)
Net loss attributable to:			
- members of the parent entity		(2,436,107)	(8,367,251)
- non-controlling interest		-	-
		(2,436,107)	(8,367,251)
Total comprehensive loss attributable to:			
- members of the parent entity		(2,436,107)	(8,367,251)
- non-controlling interest		-	-
		(2,436,107)	(8,367,251)
Loss per share			
From continuing operations:			
- basic loss per share (cents)		(2.77)	(17.32)

WINDWARD RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31/12/2014 \$	30/06/2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	3,699,476	5,948,285
Trade and other receivables		98,110	73,104
Other assets		15,587	49,084
TOTAL CURRENT ASSETS		3,813,173	6,070,473
NON CURRENT ASSETS			
Plant and equipment		256,868	283,757
TOTAL NON CURRENT ASSETS		256,868	283,757
TOTAL ASSETS		4,070,041	6,354,230
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		254,527	226,826
TOTAL CURRENT LIABILITIES		254,527	226,826
TOTAL LIABILITIES		254,527	226,826
NET ASSETS		3,815,514	6,127,404
EQUITY			
Contributed equity	7	16,822,059	16,822,059
Reserves		313,527	189,310
Accumulated losses		(13,320,072)	(10,883,965)
TOTAL EQUITY		3,815,514	6,127,404

**WINDWARD RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Note	31/12/14	31/12/13 \$
Cash flows from operating activities			
Payments to suppliers and employees		(520,467)	(908,752)
Exploration and evaluation expenditure		(1,794,654)	(991,569)
Net cash flows from operating activities		(2,315,121)	(1,900,321)
Cash flows from investing activities			
Interest received		69,581	70,295
Payments for plant and equipment		(3,269)	(300,702)
Payments for acquisition of tenements		-	(3,100,000)
Net cash flows from investing activities		66,312	(3,330,407)
Cash flows from financing activities			
Proceeds from issue of shares		-	10,910,625
Payment of share issue costs		-	(880,040)
Net cash flows from financing activities		-	10,030,585
Net increase / (decrease) in cash and cash equivalents		(2,248,809)	4,799,857
Cash and cash equivalents at the beginning of the period		5,948,285	3,066,707
Cash and cash equivalents at the end of the period	6	3,699,476	7,866,564

WINDWARD RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2013	3,379,319	-	(326,295)	3,053,024
Loss for the period	-	-	(8,367,251)	(8,367,251)
Other comprehensive income	-	-	-	-
	-	-	(8,367,251)	(8,367,251)
Transactions with equity holders in their capacity as owners				
Shares issued (net of costs)	13,442,740	-	-	13,442,740
Total transactions with equity holders in their capacity as owners	13,442,740	-	-	13,442,740
Balance at 31 December 2013	16,822,059	-	(8,693,546)	8,128,513
Balance at 1 July 2014	16,822,059	189,310	(10,883,965)	6,127,404
Loss for the period	-	-	(2,436,107)	(2,436,107)
Other comprehensive income	-	-	-	-
	-	-	(2,436,107)	(2,436,107)
Transactions with equity holders in their capacity as owners				
Shares issued (net of costs)	-	-	-	-
Share-based payments	-	124,217	-	124,217
Total transactions with equity holders in their capacity as owners	-	124,217	-	124,217
Balance at 31 December 2014	16,822,059	313,527	(13,320,072)	3,815,514

**WINDWARD RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

1. CORPORATE INFORMATION

The half-year financial report of Windward Resources Limited ("Windward" or "Company") for the six months ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 4 March 2015.

Windward 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 interim financial statements constitute a general purpose financial report and have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB134 ensures compliance with IAS134: Interim Financial Reports. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2014.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, subject to the following changes:

New and revised accounting requirements applicable to the current interim period

Interpretation 21: Levies is mandatorily applicable for annual financial reporting periods commencing 1 January 2014 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2014 to 31 December 2014. The Interpretation clarifies that a liability to pay a government levy should be recognised when the activity triggering the payment has occurred.

The above requirement is not expected to have a significant impact on the Group.

3. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are received and used by the directors in assessing performance and determining the allocation of resources.

The Company operates in only one operating segment being mineral exploration in Australia.

WINDWARD RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

4. REVENUE

	6 months ended 31/12/2014 \$	6 months ended 31/12/2013 \$
Interest revenue	77,978	74,407
Other income	6,665	-
	<u>84,643</u>	<u>74,407</u>

5. EXPLORATION AND TENEMENT ACQUISITION EXPENSE

	6 months ended 31/12/2014 \$	6 months ended 31/12/2013 \$
Cash paid on acquisition of Fraser Range North and South Projects ¹	-	3,100,000
Shares issued on acquisition of Fraser Range North and South Projects ¹	-	3,519,756
Exploration expenditure during the period	1,835,997	1,252,440
	<u>1,835,997</u>	<u>7,872,196</u>

¹On the 17th of October 2013 Windward Resources Limited completed the acquisition of 70% of the Fraser Range North and Fraser Range South Projects from the Creasy Group, who retain 30%. The consideration paid to the Creasy Group was \$3.1 million as reimbursement for previous expenditure on the tenements and the issue of 18,772,031 fully paid ordinary shares in Windward.

6. CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents are comprised of:

	As at 31/12/2014 \$	As at 30/06/2014 \$
Cash at bank and in hand	<u>3,699,476</u>	<u>5,948,285</u>

**WINDWARD RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

7. CONTRIBUTED EQUITY

	As at 31/12/2014 \$	As at 30/06/2014 \$
Ordinary shares Issued and fully paid	16,822,059	16,822,059
	Number	\$
Movement in ordinary shares on issue		
At beginning of period	88,057,031	16,822,059
Transaction costs	-	-
At end of period	88,057,031	16,822,059

8. SHARE BASED PAYMENTS

The following share based payments were issued during the period:

Share Options

Grant Date	Number Granted	Fair Value per Option	Exercise Price Per Option	Expiry Date	Number Vested
21 November 2014	900,000	\$0.075	\$0.206	27 November 2017	900,000

The options were deemed to have a fair value of \$0.075 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	\$0.155
Exercise price	\$0.206
Expected volatility	80%
Risk-free interest rate	3.00%
Annualised time to expiry	3 years

9. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There has been no change to contingent assets and contingent liabilities since the last annual reporting date.

10. EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen that significantly affected, or may significantly affect, the operations of Windward Resources Limited, the results of those operations or the state affairs of Windward Resources Limited in subsequent years that is not otherwise disclosed in the financial statements.

**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 and notes of Windward Resources Limited for the half-year ended 31 December 2014 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) 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.

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



Ms Bronwyn Barnes
Non-Executive Chair

6 March 2015

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephens.com.au

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

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Windward Resources Limited which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity, the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Windward Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of WindwardResources Limited's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Windward Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, 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 review report.

**WINDWARD RESOURCES LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT**

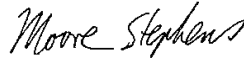
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Windward Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 6th day of March 2015