



Financial Report

**for the Half-Year Ended
31 December 2015**

**WINDWARD RESOURCES LIMITED
CORPORATE DIRECTORY**

Directors

Executive Chair

Ms Bronwyn Barnes

Non-Executive Directors

Mr Stephen Lowe

Mr George Cameron-Dow

Mr Stuart Fogarty

Company Secretary

Mr Stephen Brockhurst

Registered and Principal Office

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West Perth Western Australia 6005

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Auditors

Moore Stephens Perth

Level 15, Exchange Tower

2 The Esplanade PERTH WA 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 Richardson Street

WEST PERTH WA 6005

Share Registry

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Nedlands Western Australia 6009

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Securities Exchange

Australian Securities Exchange

Level 40, Central Park

152 – 158 St Georges Terrace

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WINDWARD RESOURCES LIMITED

CONTENTS

	Page
Directors' Report	3
Auditor's Independence Declaration	5
Statement of Profit or Loss and other Comprehensive Income	6
Statement of Financial Position	7
Statement of Cash Flows	8
Statement of Changes in Equity	9
Notes to the Half-Year Financial Statements	10
Directors' Declaration	13
Independent Auditor's Review Report	14

WINDWARD RESOURCES LIMITED

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2015.

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 (Executive Chair)

Mr Stephen Lowe (Non-Executive Director)

Mr George Cameron-Dow (Non-Executive Director)

Mr Stuart Fogarty (Non-Executive Director)

Results of Operations

Windward's net loss after income tax for the half-year was \$1,271,905 (2014:\$2,436,107).

Review of Operations

During the Half Year Windward Resources Limited ("Windward" or the Company) focused on continuing exploration activities on the Company's existing pipeline of nickel and gold targets in the Fraser Range. The following activities were completed between July 2015 – December 2015.

- Reverse Circulation (RC) drilling of a first-order conductor target at the Cundeelee Prospect, located approximately 25 kms south of Nova-Bollinger nickel deposit. Drill hole 15CDRC001 was drilled to a depth of 222m and intersected disseminated sulphides (<1%) from 180m to 183m. A thin horizon (1m) of semi-massive graphite was intersected at 203m down-hole. The major lithology intersected in the hole was mafic granulite. Disseminated graphite was also noted between 206m and 207m down-hole.
- RC drilling to test a stratigraphic target at the Turcaud prospect, located approximately 18 kms south east of Nova-Bollinger nickel deposit. Drilling at the Turcaud magnetic feature identified the magnetic source as a foliated garnetiferous meta-sediment with thick bands of magnetite ranging from 2cm to 50cm. The identification of this rock unit will help to better understand the regional magnetics, thereby assisting the Company to better target future exploration activities.
- The drilling programs for Cundeelee and Turcaud received a grant of up to \$100,000 in co-funding from the Western Australian Government as part of the Exploration Incentive Scheme (EIS).
- RC drilling at the Bunington North prospect to provide a deeper test for previously completed aircore drilling where nickel assays of up to 1.1% Ni were returned. A total of nine drill holes were completed for 1,074m with depths ranging from 60m to a maximum of 175m. Drilling was completed on broad spaced drill sections (300m, 400m and 900m) with the holes at 50m spacings along each section.
- RC drilling program at the Uraryie Prospects. A total of 12 drill holes were completed for 1,722m with depths ranging from 90m to a maximum of 192m. Drilling was completed at three separate prospects namely Uraryie, Uraryie South and Uraryie Southeast. The RC drilling has returned encouraging first-pass results, intersecting mafic and ultramafic intrusive lithologies. Highly anomalous nickel values were intersected that explain the nickel anomaly within the regolith at Uraryie intersected in previous RC drilling and within the "nickel-in-soil" anomaly at Uraryie South. While no sulphides were visually identified within the ultramafic lithologies, the ultramafic intersected was highly altered by serpentine, chlorite and carbonate, and was moderately magnetic.
- Phase one of infill and extensional surface sampling of priority one targets defined from the Company's roadside sampling program across the Fraser Range South Project tenements was completed during the period. These results are currently being reviewed and interpreted to determine the next phase of follow up exploration activity.

The above activities were all designed to provide additional information to assist with unlocking the value of its Fraser Range Project tenement packages whilst maintaining a strong focus on minimising costs.

WINDWARD RESOURCES LIMITED DIRECTORS' REPORT

Windward has also been actively reviewing a number of potential new project opportunities within Australia. These projects range from greenfields exploration prospects to more advanced projects with significant mineral resources.

A number of the opportunities assessed are well advanced including close to and in production status. The search for opportunities is focused on gold and/or base metal projects within Australia. Due diligence studies are ongoing on a number of these opportunities.

Projects assessed to date have included:

- Various advanced nickel exploration projects in Western Australia;
- Semi-advanced and near production gold projects in Western Australia and Tasmania; and
- A large copper-molybdenum project.

Windward will continue to review more advanced project opportunities as they are identified.

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.

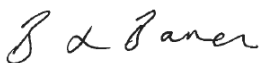
Subsequent Events

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 2015 is set out on page 5.

Signed in accordance with a resolution of the directors:



Ms Bronwyn Barnes
Executive Chair

2nd March 2016

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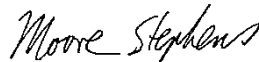
**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF WINDWARD
RESOURCES LIMITED**

As lead auditor for the review of Windward Resources Limited for the half-year ended 31 December 2015, 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 2nd day of March 2016

WINDWARD RESOURCES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	31/12/2015 \$	31/12/2014 \$
Revenue	4	84,358	84,643
Employee benefits expense		(305,956)	(379,346)
Exploration expense		(773,137)	(1,835,997)
Corporate finance and administration expense		(277,170)	(305,407)
Loss before income tax		(1,271,905)	(2,436,107)
Income tax expense		-	-
Loss for the period		(1,271,905)	(2,436,107)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(1,271,905)	(2,436,107)
Loss per share			
From continuing operations:			
– Basic and diluted loss per share (cents)		(1.18)	(2.77)

The above statement of profit or loss and other comprehensive income
should be read in conjunction with the accompanying notes.

WINDWARD RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31/12/2015 \$	30/06/2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	6,366,259	7,795,048
Trade and other receivables		46,616	92,423
Other assets		29,824	8,979
TOTAL CURRENT ASSETS		6,442,699	7,896,450
NON CURRENT ASSETS			
Plant and equipment		198,917	227,120
TOTAL NON CURRENT ASSETS		198,917	227,120
TOTAL ASSETS		6,641,616	8,123,570
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		115,458	315,737
TOTAL CURRENT LIABILITIES		115,458	315,737
TOTAL LIABILITIES		115,458	315,737
NET ASSETS		6,526,158	7,807,833
EQUITY			
Contributed equity	6	22,437,677	22,437,677
Reserves		308,840	318,610
Accumulated losses		(16,220,359)	(14,948,454)
TOTAL EQUITY		6,526,158	7,807,833

The above statement of financial position
should be read in conjunction with the accompanying notes.

WINDWARD RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	31/12/15 \$	31/12/14 \$
Cash flows from operating activities			
Payments to suppliers and employees		(707,025)	(520,467)
Exploration and evaluation expenditure		(809,937)	(1,794,654)
Net cash flows from operating activities		(1,516,962)	(2,315,121)
Cash flows from investing activities			
Interest received		88,092	69,581
Payments for plant and equipment		(1,244)	(3,269)
Proceeds from sale of plant and equipment		1,325	-
Payments for acquisition of tenements		-	-
Net cash flows from investing activities		88,173	66,312
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Payment of share issue costs		-	-
Net cash flows from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		(1,428,789)	(2,248,809)
Cash and cash equivalents at the beginning of the period		7,795,048	5,948,285
Cash and cash equivalents at the end of the period		6,366,259	3,699,476

WINDWARD RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
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	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(2,436,107)</u>	<u>(2,436,107)</u>
Transactions with equity holders in their capacity as owners				
Share-based payments	-	124,217	-	124,217
Total transactions with equity holders in their capacity as owners	<u>-</u>	<u>124,217</u>	<u>-</u>	<u>124,217</u>
Balance at 31 December 2014	<u>16,822,059</u>	<u>313,527</u>	<u>(13,320,072)</u>	<u>3,815,514</u>
Balance at 1 July 2015	22,437,677	318,610	(14,948,454)	7,807,833
Loss for the period	-	-	(1,271,905)	(1,271,905)
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(1,271,905)</u>	<u>(1,271,905)</u>
Transactions with equity holders in their capacity as owners				
Share-based payments	-	(9,770)	-	(9,770)
Total transactions with equity holders in their capacity as owners	<u>-</u>	<u>(9,770)</u>	<u>-</u>	<u>(9,770)</u>
Balance at 31 December 2015	<u>22,437,677</u>	<u>308,840</u>	<u>(16,220,359)</u>	<u>6,526,158</u>

**WINDWARD RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

1. CORPORATE INFORMATION

The half-year financial report of Windward Resources Limited ("Windward" or "Company") for the six months ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 2 March 2016.

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 2015.

(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, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 2015

4. REVENUE

	6 months ended 31/12/2015 \$	6 months ended 31/12/2014 \$
Interest revenue	84,358	77,978
Other income	-	6,665
	<u>84,358</u>	<u>84,643</u>

5. CASH AND CASH EQUIVALENTS

	As at 31/12/2015 \$	As at 30/06/2015 \$
Cash at bank and in hand	<u>6,366,259</u>	<u>7,795,048</u>

6. CONTRIBUTED EQUITY

	As at 31/12/2015 \$	As at 30/06/2015 \$
Ordinary shares Issued and fully paid	<u>22,437,677</u>	<u>22,437,677</u>

	Number	\$
Movement in ordinary shares on issue		
At beginning of period	108,057,031	22,437,677
Transaction costs	-	-
At end of period	<u>108,057,031</u>	<u>22,437,677</u>

WINDWARD RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

7. 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
26 November 2015	300,000	\$0.021	\$0.0804	1 December 2018	300,000

The options were deemed to have a fair value of \$0.021 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	\$0.053
Exercise price	\$0.0804
Expected volatility	80%
Risk-free interest rate	3.00%
Annualised time to expiry	3 years

8. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

9. 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.

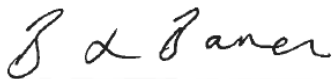
WINDWARD RESOURCES LIMITED DIRECTORS' DECLARATION

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 2015 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 2015 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
Executive Chair

2nd March 2016

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 2015, 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.

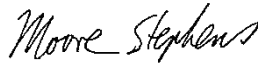
Conclusion

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 2015 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 2nd day of March 2016