

June 2016 Quarterly Activities Report

CORPORATE DIRECTORY

Executive Chair
Bronwyn Barnes

Non-Executive Directors
Stephen Lowe
Stuart Fogarty
George Cameron-Dow

Company Secretary
Stephen Brockhurst

FAST FACTS

Issued Capital: 108m
Options Issued: 2.1m
Debt: Nil
Cash (Approx.): \$5.5m
(as at 30 June 2016)

CONTACT DETAILS

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HIGHLIGHTS

- *New phase of exploration commenced at the Western Margin prospect, within the 70%-owned Fraser Range North Project to evaluate the significant new gravity anomaly identified in April.*
- *An aircore drilling program was completed at the Western Margin prospect comprising 39 holes for 2,737m.*
- *The drilling encountered a complex regolith profile with possible mafic and ultramafic lithologies intersected in several holes. Final assay results are expected to be received in approximately 3 weeks.*
- *An Induced Polarisation ("IP") geophysical program commenced at the end of the quarter with results expected to be received in next 3 weeks.*
- *The Western Margin Prospect represents an outstanding exploration target located just 3.5km east of the world-class Nova nickel-copper deposit being developed by Independence Group (ASX: IGO).*

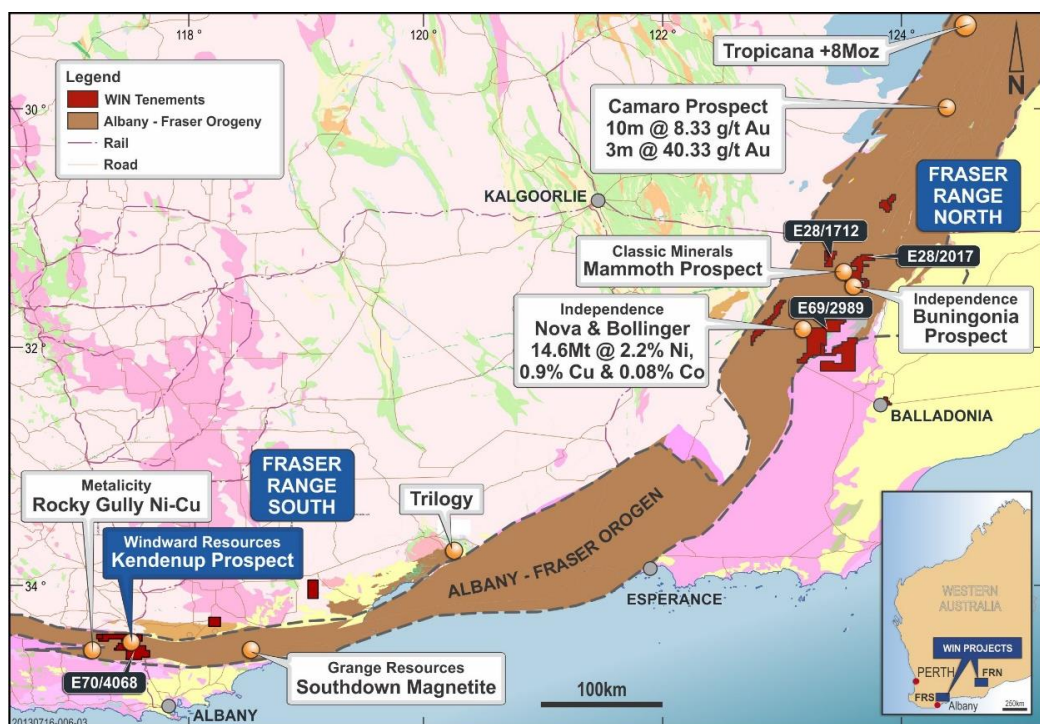


Figure 1: Windward Project Tenements – FRN & FRS Projects

During the June quarter Windward Resources (ASX: WIN) commenced a new phase of exploration at its 70%-owned **Fraser Range North Project** in Western Australia's Fraser Range Province (Figure 1). These activities were designed to further evaluate the recently identified coincident, gravity, geochemical and structural anomaly within the **Western Margin** prospect (Figure 2), as outlined in the March Quarterly Report.

The new area of interest is located ~3.5km due east of the world-class Nova nickel-copper deposit, currently being developed by Independence Group (ASX: IGO). It was identified following a reassessment of the project's exploration potential and through the application of new state-of-the-art exploration methodologies.

The newly identified area includes a large residual gravity feature, in an area below a paleo-channel which has not previously been drill tested. Previously collected soil geochemical samples have returned nickel and copper values that are indicative of mafic and possible ultramafic rocks.

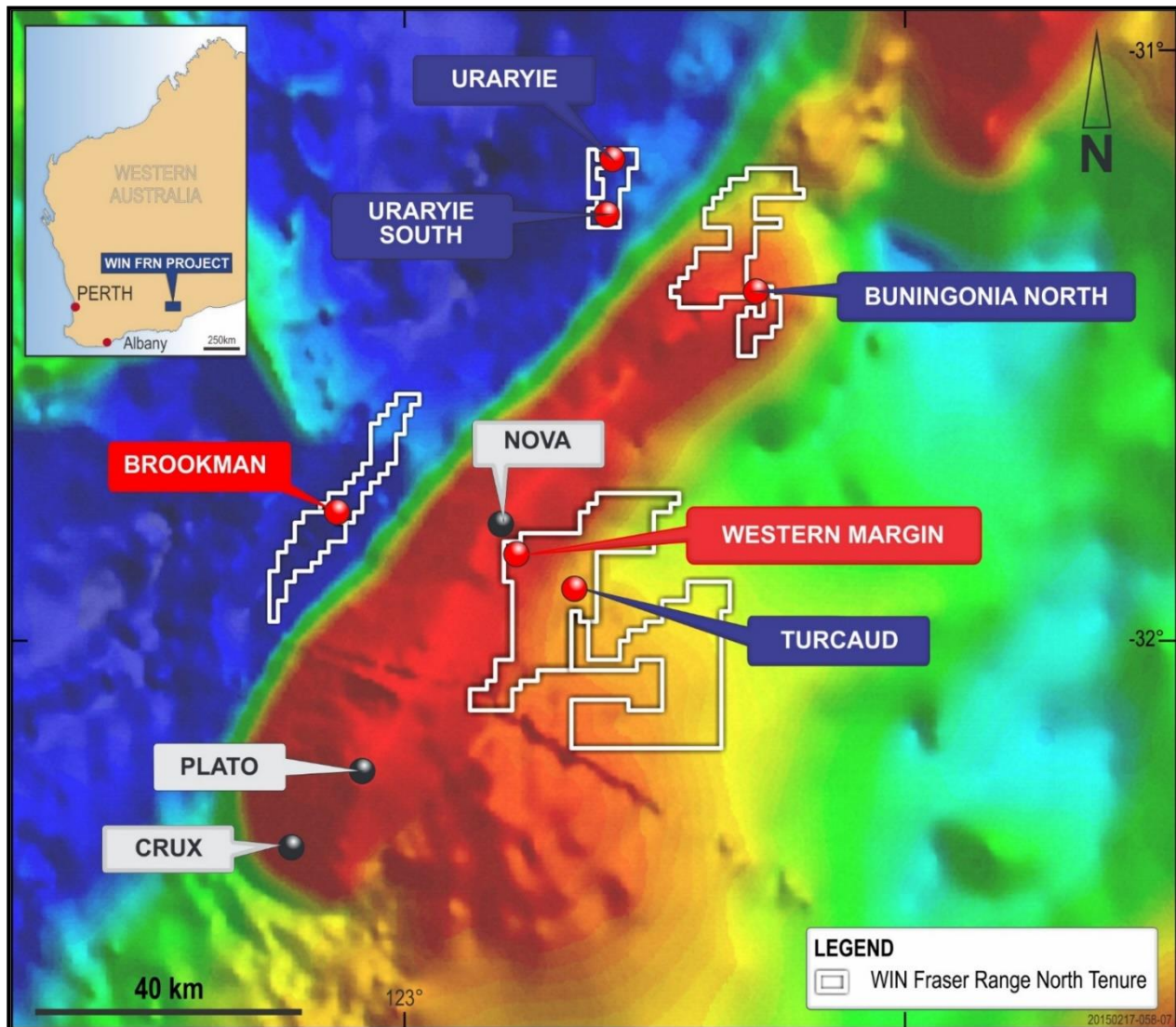


Figure 2: Location of Western Margin and other Fraser Range prospects, background image is Bouguer gravity (regional)

During the Quarter, Windward's Board approved a number of work programs designed to evaluate this newly identified area of interest, with key activities undertaken during the Quarter including:

- Completion of an initial program of aircore drilling to determine the basement geology and litho-chemistry in the new target area; and
- Commencement of an Induced Polarisation (IP) geophysical survey over the entire new target area to identify potential areas containing disseminated sulphides, but also to detect potential areas containing massive sulphides. The IP survey was ongoing at Quarter-end.

Aircore Drilling Program

The aircore drilling program commenced on 7 June 2016 and was completed on 21 June 2016 (Figure 3). It comprised a total of 39 aircore holes, for a total of 2,737m with depths ranging from 46m to 101m an average depth of 70m. Drilling was completed on an initial grid spacing of a nominal 800m x 200m (with some in-fill at 100m).



Figure 3: Aircore drilling rig (left) and exploration camp (right), Western Margin Prospect

The drilling encountered a complex regolith environment consisting of Eocene sediments confined within a palaeo-channel, with the Proterozoic basement geology comprising predominantly quartz-biotite (+/- chlorite)-garnet, a regional meta-sediment. Possible mafic and ultramafic lithologies were intersected in several holes have been sent for petrology for confirmation. Drill-hole locations are shown in Figure 4 below.

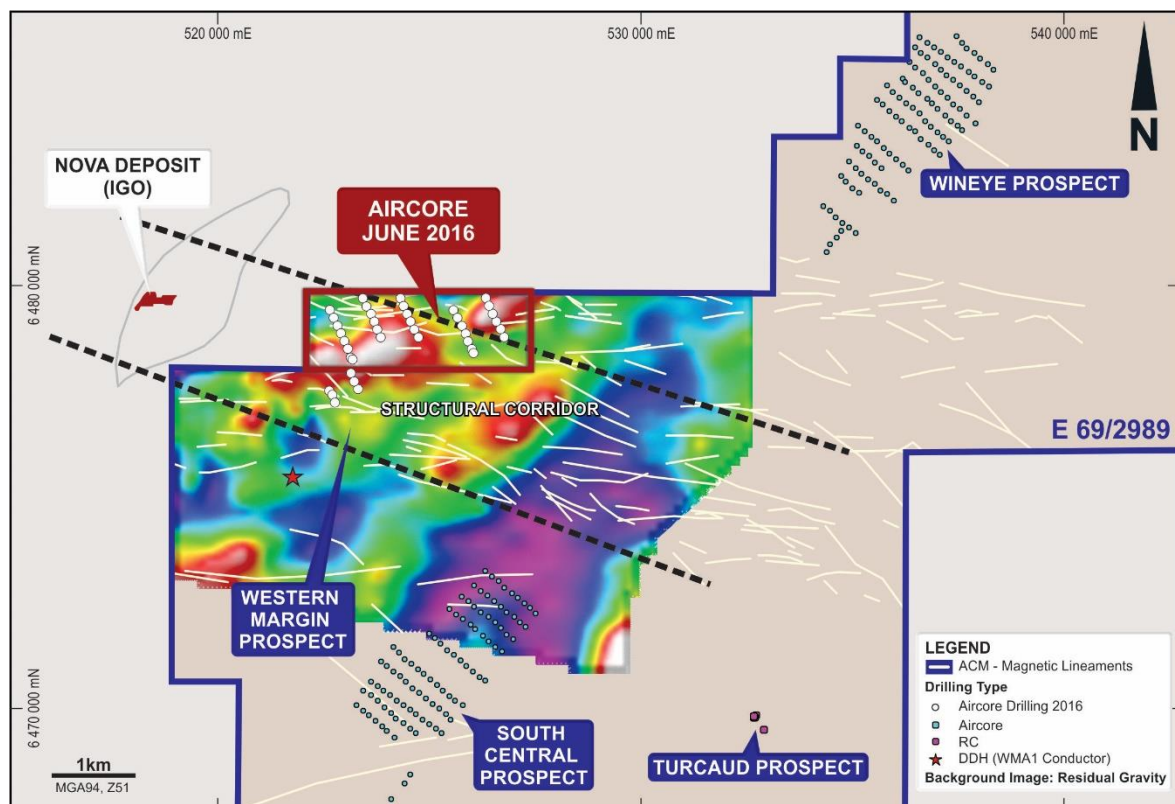


Figure 4: Cross-Cutting Structural Corridor and "Area of Interest" on Residual Gravity dataset

Final assay results from the drilling are expected to be received within the next 3 weeks.

IP Geophysical Survey

Following completion of the drilling program Windward commenced an IP geophysical survey to identify potential areas containing disseminated and massive sulphides. The survey is expected to take approximately 35 days to complete. Results should be available within 3 weeks after completion of the survey.

The Company will initially complete two test lines of IP (from a total of 8 lines) in order to test the effectiveness of this technique in this area. Results from these first two lines will be assessed before proceeding further. Results from the aircore drilling will then be used to help interpret the results from the IP survey.

The current work program has been designed to provide additional information that will be used to define possible targets for deeper RC or diamond drilling.

ASX ANNOUNCEMENTS

During the June Quarter 2016 and up to the date of this report, Windward Resources released the following announcements:

<u>Date</u>	<u>Headlines</u>
30/06/2016	IP Survey Commences at Western Margin
08/06/2016	Western Margin Drilling Commences
24/05/2016	Investor Presentation
19/04/2016	Western Margin Prospect - Initial Exploration Work Programs
04/04/2016	New Gravity Anomaly Identified at Western Margin Prospect

For further information, please contact:

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Competent Persons Statement

The information in this document 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. Geophysical information in this report is based on exploration data compiled by Mr Brett Adams who is employed as a Consultant to the Company through the geophysical consultancy Spinifex-GPX Pty Ltd. Mr Adams is a member of the Australian Society of Exploration Geophysicists and of the Australian Institute of Geoscientists with sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. Mr Adams consents to the inclusion in the report of matters based on information in the form and context in which it appears.

Appendix 1: Windward Resources Limited – Tenement Information as Required by Listing Rule 5.3.3

TENEMENT	PROJECT	LOCATION	CHANGE IN HOLDING (%)	HOLDING (%)	TENSTATUS	JOINT VENTURE PARTNER	JOINT VENTURE
E 70/3112	Fraser Range South	Rocky Gully	N/A	0%	DEAD - SURRENDERED	CREASY, MARK GARETH	Fraser Range Tenement Sale and Joint Venture Agreement
E 70/3113	Fraser Range South	Frankland	0%	70%	LIVE	CREASY, MARK GARETH	Fraser Range Tenement Sale and Joint Venture Agreement
E 70/3114	Fraser Range South	Cranbrook	0%	70%	LIVE	CREASY, MARK GARETH	Fraser Range Tenement Sale and Joint Venture Agreement
E 70/3115	Fraser Range South	Borden	0%	70%	LIVE	CREASY, MARK GARETH	Fraser Range Tenement Sale and Joint Venture Agreement
E 70/3117	Fraser Range South	Jerramungup	0%	70%	LIVE	CREASY, MARK GARETH	Fraser Range Tenement Sale and Joint Venture Agreement
E 70/4068	Fraser Range South	Mt Barker	0%	70%	LIVE	NBX PTY LTD	Fraser Range Tenement Sale and Joint Venture Agreement
E 70/4105	Fraser Range South	Nunijup	0%	70%	LIVE	GREAT SOUTHERN GOLD PTY LTD	Fraser Range Tenement Sale and Joint Venture Agreement
E 70/4495	Fraser Range South	Kendenup West	0%	70%	LIVE	NBX PTY LTD	Fraser Range Tenement Sale and Joint Venture Agreement
E 69/2989	Fraser Range North	Fraser Range	0%	70%	LIVE	PONTON MINERALS PTY LTD	Fraser Range Tenement Sale and Joint Venture Agreement
E 28/1711	Fraser Range North	Zanthus	0%	70%	LIVE	LAKE RIVERS GOLD PTY LTD	Fraser Range Tenement Sale and Joint Venture Agreement
E 28/1712	Fraser Range North	Zanthus	0%	70%	LIVE	LAKE RIVERS GOLD PTY LTD	Fraser Range Tenement Sale and Joint Venture Agreement
E 28/1713	Fraser Range North	Fraser Range	0%	70%	LIVE	LAKE RIVERS GOLD PTY LTD	Fraser Range Tenement Sale and Joint Venture Agreement
E 28/1715	Fraser Range North	Fraser Range	0%	70%	LIVE	LAKE RIVERS GOLD PTY LTD	Fraser Range Tenement Sale and Joint Venture Agreement
E 28/2017	Fraser Range North	Fraser Range	0%	70%	LIVE	PONTON MINERALS PTY LTD	Fraser Range Tenement Sale and Joint Venture Agreement
E 69/2990	Fraser Range North	Fraser Range	0%	70%	LIVE	PONTON MINERALS PTY LTD	Fraser Range Tenement Sale and Joint Venture Agreement
E28/2459	Fraser Range North	Zanthus	0%	100%	LIVE	WINDWARD RESOURCES	
E28/2458	Fraser Range North	Zanthus	0%	100%	LIVE	WINDWARD RESOURCES	
E28/2613	Fraser Range North	Symons Hill	N/A	0%	APPLICATION	WINDWARD RESOURCES	

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

WINDWARD RESOURCES LTD

ABN

38 158 432 270

Quarter ended ("current quarter")

30 JUNE 2016

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(253)	(1,311)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(184)	(1,124)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	43	169
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
Net Operating Cash Flows		(394)	(2,266)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(1)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	1
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(394)	(2,266)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(394)	(2,266)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – cost of share issues	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(394)	(2,266)
1.20	Cash at beginning of quarter/year to date	5,923	7,795
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	5,529	5,529

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	84
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 – Amount comprises director fees paid to non-executive directors and executive management.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	238	668
5.2 Deposits at call	5,291	5,255
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,529	5,923

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E70/3112 Surrendered	70%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	E28/2613 Application	0%	0%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1				
Preference + securities (description)	-	-	-	-
7.2				
Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3				
+Ordinary securities	108,057,031	108,057,031	-	-
7.4				
Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
(c) escrow release	-	-		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.5	*Convertible debt securities (description)	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (description and conversion factor)	400,000	-	Exercise \$0.40	Expiry Date 1/9/16
		500,000	-	\$0.50	1/9/16
		900,000	-	\$0.206	27/11/17
		300,000	-	\$0.0804	1/12/18
7.8	Issued during quarter	-	-	Exercise -	Expiry Date -
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Stephen Brockhurst
Company Secretary
29 July 2016

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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