

**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)

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## Windward Secures Pivotal Strategic Investment and Funding Agreement with Eastern Goldfields

*Landmark deal with Michael Fotios-led EGS provides Windward with long-term funding support to unlock the significant value of its Fraser Range nickel-copper portfolio*

### Highlights

- ***Eastern Goldfields Limited (ASX: EGS) to become a cornerstone shareholder in Windward via a \$2.2M share placement at 12 cents per share (the "Subscription Price"), representing a 19% premium to the 5-day VWAP as at 7 September 2016, subject to shareholder approval***
- ***Following shareholder approval and completion of the share placement, EGS will have a 14.3% stake in Windward***
- ***EGS, which is chaired by highly successful mining executive Michael Fotios, will also underwrite a non-renounceable 1-for-4 entitlement offer to raise a further \$3.8M, to be undertaken by Windward at the Subscription Price with two free attaching options for every two new shares subscribed for***
- ***The funds raised will be used to accelerate the exploration and development of Windward's extensive and high quality Fraser Range nickel and gold portfolio***
- ***The investment includes an ongoing funding mechanism via the issue of two tranches of unlisted options to EGS exercisable at a 125% premium and a 166% premium to the Subscription Price, representing the same terms as the options to be issued under the entitlement offer***
- ***EGS will have the right to nominate one Director to the Board of Windward following completion of the placement and, thereafter, for as long as it holds more than 10% of the Company***
- ***The Windward Board believes that the investment by EGS provides a significant strategic investment opportunity for the Company, subject to there being no superior proposals***

***“Controlling one of the premier land-holdings in the belt, when matched with one of the best technical teams and the proposed funding platform, Windward has the capability to unlock the huge potential of this high quality asset base.” – Windward Executive Chair, Bronwyn Barnes***

Windward Resources (ASX: WIN) (“Windward” or “Company”) is set to take a pivotal step towards unlocking the potentially significant value of its Fraser Range nickel and gold exploration portfolio in WA, after reaching a major funding agreement with emerging Australian gold producer, Eastern Goldfields Limited (ASX: EGS) (“Eastern Goldfields”).

Under the agreement and subject to Windward shareholder approval, Eastern Goldfields, which is chaired by highly successful mining executive Michael Fotios, will take up a \$2.2 million share placement in Windward, comprising 18 million fully-paid ordinary shares at 12 cents per share (the “Subscription Price”), which represents a 19% premium to the 5-day volume weighted average price (“VWAP”) of the Company’s shares as at 7 September 2016.

The placement will see Eastern Goldfields emerge with an initial 14.3% stake in Windward and be given the right to appoint one representative to the Windward Board.

Contemporaneous with the issue of shares under the placement, Windward has also agreed to issue to Eastern Goldfields two tranches of unlisted options, comprising 9 million options exercisable at 125% of the Subscription Price within 18 months of their issue, and 9 million options exercisable at 166% of the Subscription Price within 30 months of their issue. This will provide a mechanism for Eastern Goldfields to provide ongoing funding to Windward through the future exercise of these options, which if exercised would deliver additional funding of \$3.1 million.

Following completion of the share placement and post shareholder approval, Eastern Goldfields has agreed to underwrite a non-renounceable pro rata entitlement offer to raise a further \$3.8 million, to be undertaken on a 1-for-4 basis at an issue price per share equivalent to the Subscription Price plus free attaching options equivalent to the options to be issued to Eastern Goldfields under the placement. The entitlement offer will give all existing Windward shareholders the opportunity to participate in this capital raising at the same price as Eastern Goldfields.

The proceeds of the placement and entitlement offer, together with Windward’s existing cash reserves of \$5.0 million, will be used to accelerate exploration activities across Windward’s highly prospective Fraser Range portfolio, including its high-priority 70%-owned Fraser Range North Project, held in joint venture with prominent Australian prospecting geologist and mining entrepreneur, Mark Creasy (30%).

Windward’s Executive Chair Bronwyn Barnes said the Eastern Goldfields agreement was an outstanding opportunity for Windward because it would now have the financial capability required to target world-class nickel-copper and gold deposits in the Fraser Range.

“Following completion of the placement and entitlement offer, Windward will have cash reserves of more than \$10 million plus access to ongoing funding through its relationship with Eastern Goldfields,” she said. “This will give it the financial firepower to prosecute the sort of wide-ranging and deep-penetrating exploration campaign required to unearth more Nova-Bollinger style discoveries.”

Eastern Goldfields Executive Chair Michael Fotios said the Windward investment represented a strategic opportunity to diversify into one of the world’s premier emerging nickel provinces.

“We share the view of many analysts that the nickel sector is extremely well-placed for a strong recovery over the next 12-18 months, and we are already beginning to see evidence that this recovery is underway,” Mr Fotios said.

“Windward has highly prospective tenements in the heart of this world-class exploration province and the upside from the discovery of additional Nova-Bollinger style deposits is clearly immense.

“We believe that now is the right time to secure a strong strategic position in this emerging belt, and we are delighted to secure an exposure to this potential by providing Windward with funding for what could be a game-changing exploration campaign.”

### **Share Placement**

Eastern Goldfields will subscribe for a share placement comprising 18 million shares at a subscription price of 12 cents per share, representing a 19% premium to the 5 day VWAP as at 7 September 2016 (the Subscription Price), for a total subscription amount of \$2.2 million. Windward will also issue Eastern Goldfields with options in consideration for its funding support through the share placement and underwriting of the proposed entitlement offer (see below):

- 9 million unlisted options with an exercise price of 15 cents being 125% of the Subscription Price and an exercise period of 18 months from issue (First Options); and
- 9 million unlisted options with an exercise price of 20 cents being 166% of the Subscription Price and an exercise period of 30 months from issue (Second Options).

The share placement will be subject to shareholder approval at a shareholder meeting to be convened within the next two months.

### **Entitlement Issue**

Within two weeks of the completion of the share placement, Windward will launch a non-renounceable pro-rata entitlement offer of 1 new Share for every 4 Windward Shares held on the record date (Entitlement Offer), with the issue price for the Entitlement Offer being the same as the Subscription Price

For every 2 new Shares subscribed for under the Entitlement Offer, participants will receive:

- 1 free attaching unlisted option, with an exercise price of 15 cents being 125% of the Subscription Price and an exercise period of 18 months from issue; and
- 1 free attaching unlisted option, with an exercise price of 20 cents being 166% of the Subscription Price and an exercise period of 30 months from issue.

The Entitlement Offer to raise a further \$3.8 million will be fully underwritten by Eastern Goldfields and Eastern Goldfields will be free to enter into sub-underwriting agreements with any sub-underwriters, on such terms and conditions as it deems appropriate. Windward and Eastern Goldfields have agreed that an appropriate dispersion strategy will apply to any shortfall under the entitlement offer. Eastern Goldfields will receive an underwriting fee of up to 1% of the total amount to be raised under the Entitlement Offer.

### **Windward Board Nomination**

Eastern Goldfields will have the right to nominate one Director to the Board of Windward following completion of the placement and, thereafter, for as long as it holds more than 10% of the shares in Windward.

The Windward Board will work with Eastern Goldfields to determine the appropriate composition of the Board and management post shareholder approval of the placement.

### **Conditions to Placement and Entitlement Offer**

The share placement to Eastern Goldfields is conditional on:

- Windward not issuing or agreeing to issue any securities other than as contemplated in this Announcement; and
- Windward obtaining shareholder approval.

The entitlement offer is conditional upon:

- completion of the share placement, post shareholder approval;
- Windward not issuing or agreeing to issue any securities other than as contemplated in this Announcement;
- no material adverse change occurring to Windward before completion of the entitlement offer; and
- no customary underwriter termination rights arising before the completion of the entitlement offer.

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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.

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