

September 2016 Quarterly Activities Report

CORPORATE DIRECTORY

Non-Executive Directors

Bronwyn Barnes

Stephen Lowe

Stuart Fogarty

George Cameron-Dow

Company Secretary

Stephen Brockhurst

FAST FACTS

Issued Capital:	108m
Options Issued:	1.2m
Debt:	Nil
Cash (Approx.):	\$4.74m
(as at 30 September 2016)	

CONTACT DETAILS

Level 1, 8 Kings Park Road
West Perth 6005

PO Box 599
West Perth 6872
E: admin@winres.com.au

T: +61 8 9321 6667
F: +61 8 9322 5940

www.winres.com.au

ACN: 158 432 270

HIGHLIGHTS

- *IP survey completed at Western Margin Prospect*
- *Drill programme commenced at Brookman Gold Prospect*
- *Strategic tenement acquired in the Fraser Range north area*
- *Strategic investment proposal secured from Eastern Goldfields*
- *Superior cash takeover offer received from Independence Group and recommended by the Windward Board*

During the September Quarter, Windward Resources (ASX: WIN – “Windward” or “the Company”) continued to advance exploration activities at its Fraser Range North Projects as well as progressing a number of corporate activities, culminating in a recommended off-market takeover offer from Independence Group (ASX: IGO).

Exploration Activities

Western Margin Prospect

A geophysical induced polarisation (IP) survey was completed at the Western Margin Prospect, located ~4km to the east of the Nova-Bollinger nickel-copper project, on 24th July 2016.

The survey highlighted two weak to moderate chargeability horizons (see Figure 2). The responses can be seen across multiple lines with the highest amplitude response being constrained to individual lines. The highest amplitude anomalous chargeability response (18 mV/V) was recorded on the fifth line (525350mE) on the main chargeability horizon (see Figure 1 and 2). A second chargeability horizon was also identified across a number of sections.

Further 3D inversion modelling was completed on the IP dataset to assist with the interpretation. The inversion supports the presence of a weakly chargeable body located in the south of the survey area, however the amplitudes are well below what is typically associated with significant nickel sulphides and therefore does not represent a target of interest.

No anomalies have been identified in the resistivity data. Massive nickel sulphide accumulations are highly conductive (very low resistivity), and therefore would typically be expected to demonstrate distinct anomalies if present. It is concluded that the Western Margin target has been adequately tested.

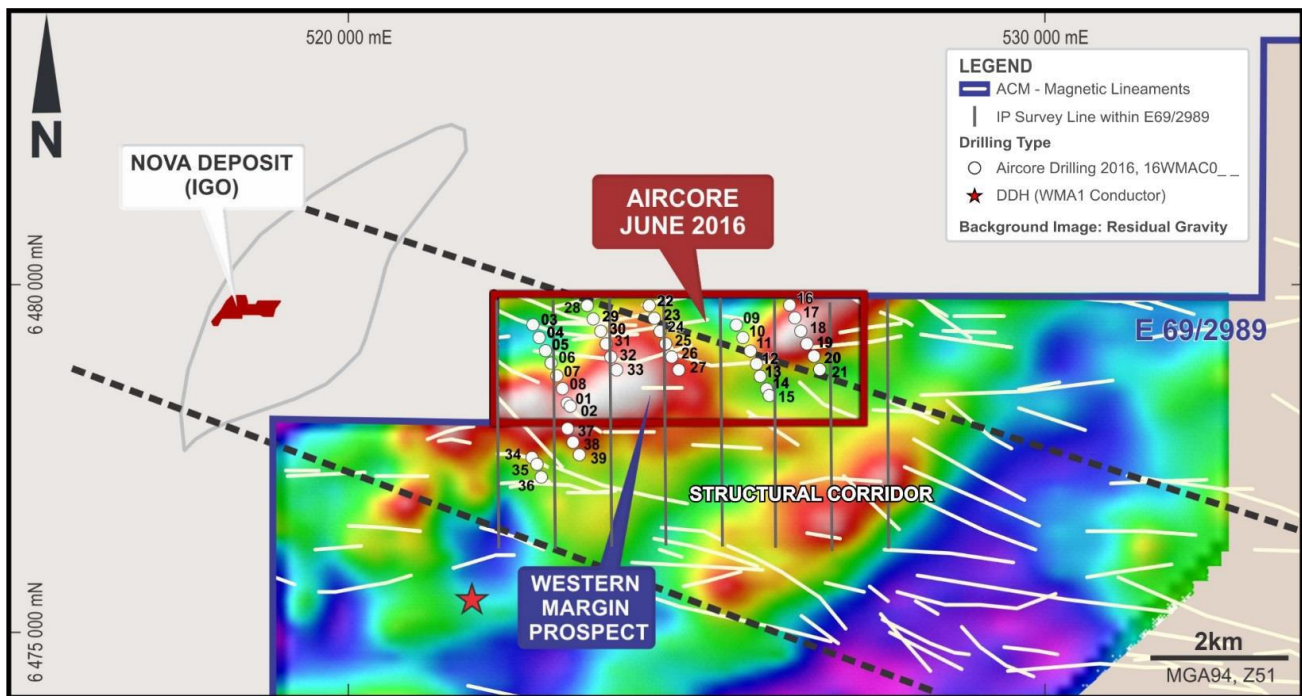


Figure 1: Location of Induced Polarisation (IP) survey lines within E69/2989

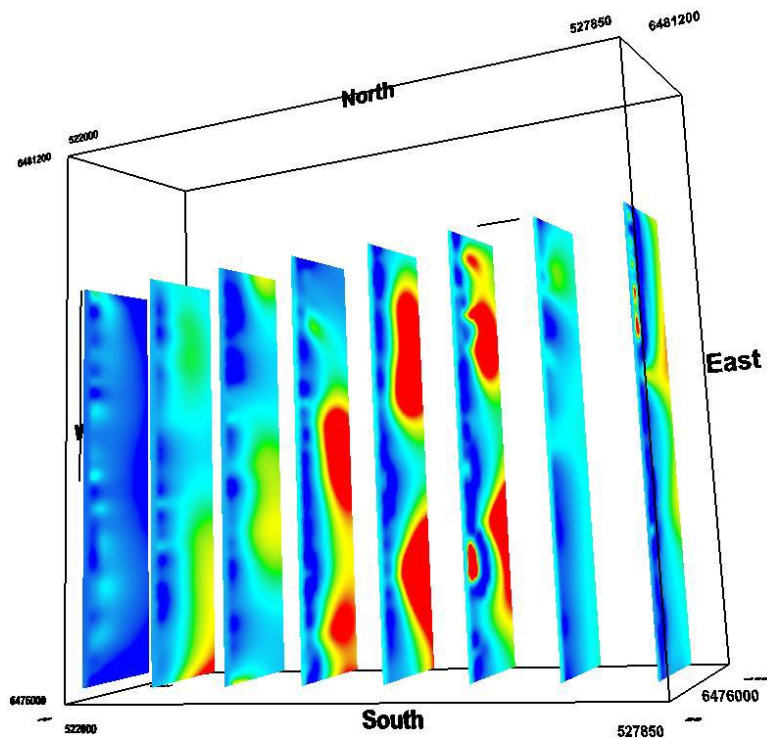


Figure 2: IP Chargeability inversion model sections displayed on an oblique 3D projection.

Item	Details
Operator	Moombarriga Geoscience
Transmitter	Search Ex 50 KVa
Current	12.4 – 19.2 A
Receiver	Emit SmarTEM 24
Array Pattern	Pole – Dipole
Station Spacing (A-Spacing) (Dipole Spacing)	200m
Max n level	16
Line Spacing	800m
Sample Rate	1200Hz
Current Electrodes	Aluminium Plate
Potential Electrodes	Porous Pot
Cables	Multicore receiver cables

Brookman Gold Prospect

During the Quarter, Windward commenced preparations to drill test an extensive gold anomaly at the Brookman Prospect, located within its Fraser Range North tenement portfolio in Western Australia (Figure 3). The drill programme comprises ~1,500m of Reverse Circulation (RC) drilling, designed to test for the presence of gold mineralization at depth along an extensive 6km long anomalous zone.

The five planned drill holes are on a nominal 1.2km spacing, covering a total of 5km of strike. Three holes are planned for E28/1715 (the southern tenement) and two for E28/1713 (the northern tenement).

The Brookman Prospect is located in the Albany-Fraser Orogen within a geological region known as the Northern Foreland adjacent to the Biranup Zone, which contains the Tropicana gold belt of Western Australia.

The Brookman Prospect was previously owned by Sirius Resources NL in joint venture with Lake Rivers Gold Pty Ltd (a Creasy Group Company). Previous drilling by this joint venture intersected zones of anomalous gold in several holes from shallow reconnaissance aircore/RAB and RC drilling.

The surface geochemical gold anomaly, defined by gold values in excess of 10ppb Au, extends for a strike length of approximately 6km.

Windward acquired the Brookman Gold Project as part of the Fraser Range Tenement Sale and JV Agreement with the Creasy Group in October 2013. Work completed by the Company to date has included in-fill auger calcrete sampling (818 samples) over the main Brookman Gold trend (6km long).

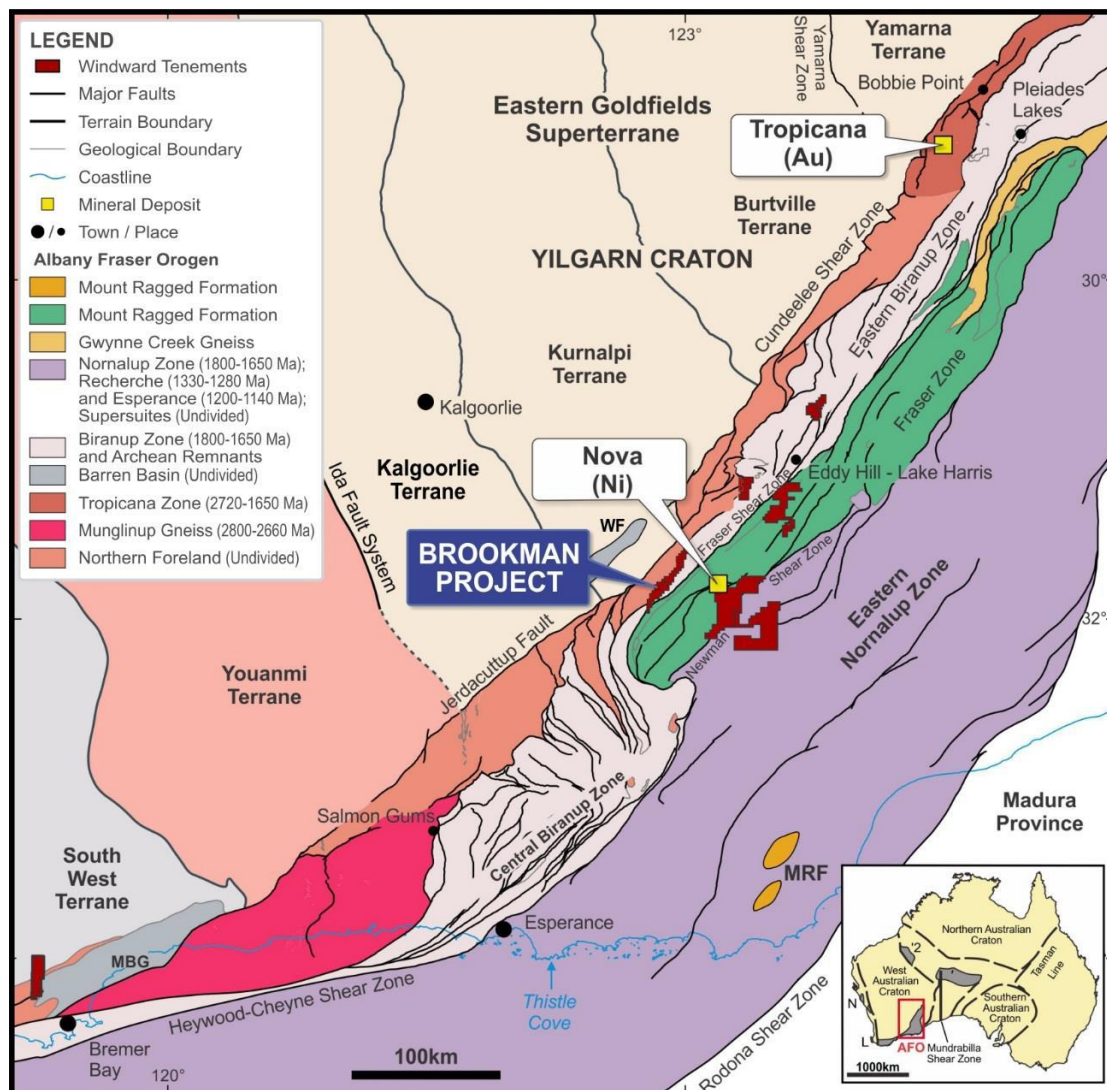


Figure 3: Location of Brookman Gold Prospect (Showing location of Tropicana)

Drilling at Brookman was completed subsequent to Quarter-end, and the results are now being analysed. A release will be made in due course.

Corporate

New Tenement Acquisition

During the Quarter, Windward acquired a key tenement adjacent to its existing Zanthus Project (see Figure 4), with the acquisition representing an outstanding opportunity to expand the Company's ground position in the northern zone of the Fraser Range.

The new tenement is located on the interpreted position of the Fraser Fault with metagabbroic rocks of the Fraser Zone and the metasediments of the Arid Basin. These are regarded as key ingredients in the formation of the Nova nickel-copper sulphide mineralization, located 110km to the south-west. As a result, the area is considered highly prospective for both gold and magmatic nickel-copper sulphides. The tenement covers a total area of 325km² and is divided into two discrete areas.

The new tenement was purchased for a total consideration \$30,000 (excl GST) from a private individual, with Windward responsible for stamp duty and other related costs.

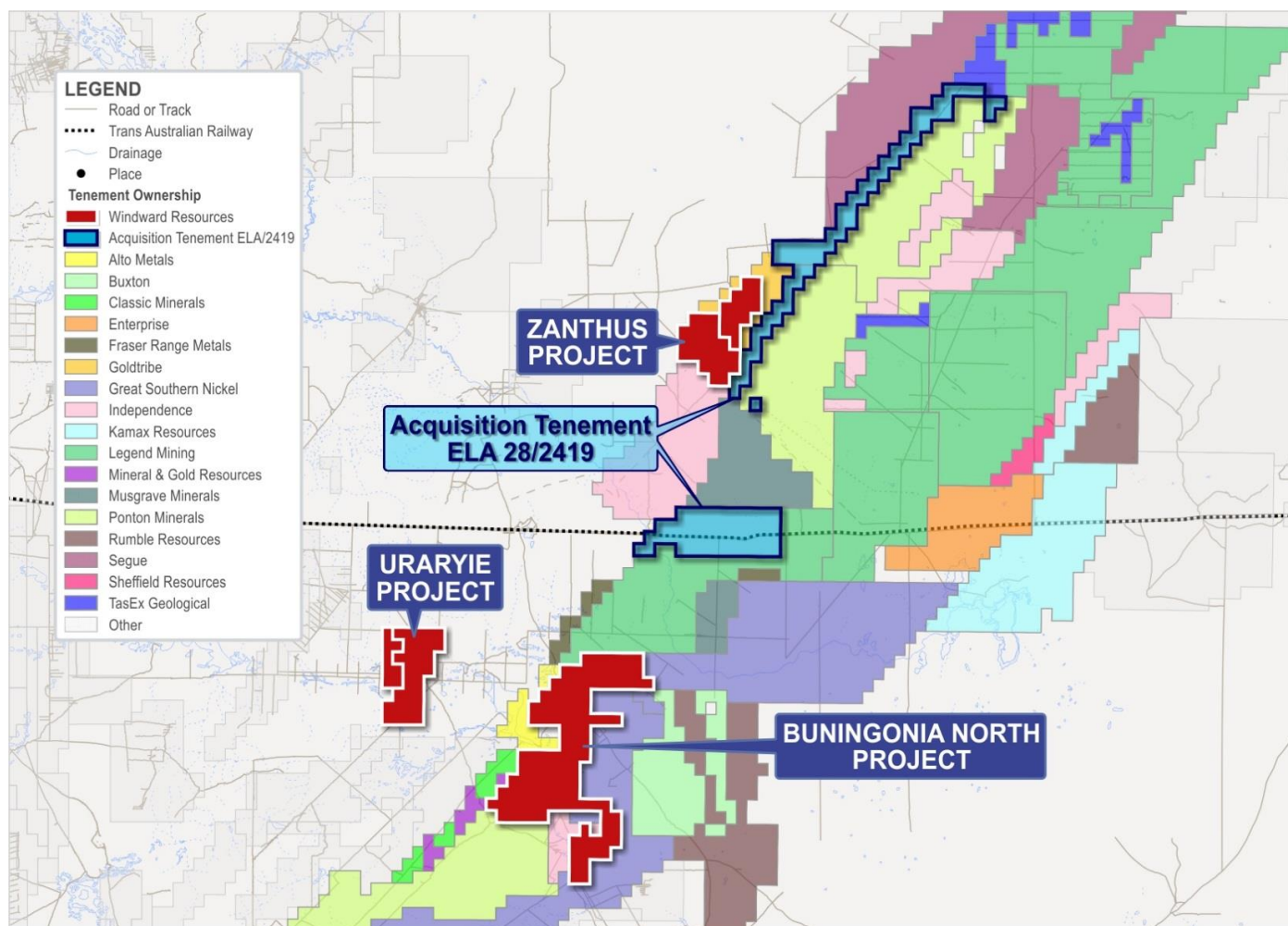


Figure 4: Location of new acquisition tenement

Eastern Goldfields Transaction

During the Quarter, the Company entered into a proposed funding agreement with Eastern Goldfields Limited (ASX: EGS) ("Eastern Goldfields"). Under the agreement, which was subject to Windward shareholder approval, Eastern Goldfields could take up a \$2.2 million share placement in Windward, comprising 18 million fully-paid ordinary shares at 12 cents per share, which would have seen Eastern Goldfields emerge with a 14.3% stake in Windward.

Contemporaneous with the issue of shares under the placement, Windward had 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. These options, if exercised, would deliver additional funding of \$3.1 million.

Following completion of the share placement and receipt of shareholder approval, Eastern Goldfields 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 would give all existing Windward shareholders the opportunity to participate in this capital raising at the same price as Eastern Goldfields. The proposed share placement to Eastern Goldfields was subject to shareholder approval

On 10 October, Windward received formal notification from Eastern Goldfields that it was withdrawing from the funding agreement announced to the ASX on 8 September and releasing Windward from its obligation to hold a shareholder meeting.

Accordingly, no Windward shareholder meeting will be convened in relation to the proposed subscription by Eastern Goldfields.

Off-market Takeover Offer from Independence Group

On 16 September, Windward went into a trading halt following the receipt of an alternate material transaction proposal and, on 5 October, announced that it had entered into a Bid Implementation Agreement (BIA) with Independence Group NL (ASX: IGO; Independence) under which Independence (or a subsidiary of Independence) agreed to make an off-market takeover offer to acquire all of the issued shares of Windward (the Offer).

Under the terms of the Offer, Windward shareholders who accept the Offer will, subject to the fulfilment of the conditions, be entitled to receive 19 cents cash per Windward share. The Offer values the entire issued share capital of Windward at approximately A\$20.5 million and represents a:

- 46% premium to the last traded price of Windward shares of 13.0 cents on 16 September 2016, being the last trading day for Windward shares prior to the announcement of the Offer;
- 60% premium to the 5 day volume weighted average price of 11.9 cents up to and including 16 September 2016, being the last trading day for Windward shares prior to the announcement of the Offer; and
- 81% premium to the 30 day volume weighted average price of 10.5 cents up to and including 16 September 2016, being the last trading day for Windward shares prior to the announcement of the Offer.

Windward's Board of Directors unanimously recommended that shareholders accept the Offer, in the absence of a superior proposal. Each Windward director has indicated they intend to accept the Offer in respect of Windward shares they own or control, in the absence of a superior proposal.

Windward's major shareholder, Mr Creasy, who controls entities holding a 27.44% interest in Windward, advised Windward that the entities he controls intend, in the absence of a proposal superior to the Offer to:

- vote against the Eastern Goldfields Transaction at any Windward shareholder meeting to consider that transaction; and
- accept the Independence offer in respect of all shares they hold on the business day following the later of 21 days after the Offer opens and a substantial holding notice being lodged by Independence in respect of Windward confirming that Independence has voting power in Windward of at least 22.67% (with the effect that if the shares in Windward the Creasy Group holds are accepted into the Offer, Independence's voting power in Windward would be at least 50.1%).

Since the announcement of the Offer, Independence Group has acquired a relevant interest of 50.92% in Windward as at the 21st October 2016.

The Bidder's Statement and offer documentation was dispatched to Windward shareholders on 17 October together with the Target's Statement.

ASX ANNOUNCEMENTS

During the September Quarter 2016, Windward Resources released the following announcements:

<u>Date</u>	<u>Headlines</u>
26/09/2016	Extension of Suspension from Official quotation
22/09/2016	Appendix 4G
22/09/2016	Annual Report to shareholders
20/09/2016	Voluntary Suspension from Official quotation
16/09/2016	Trading Halt Request
16/09/2016	Trading Halt
12/09/2016	Fraser Range Tenement Acquisition
08/09/2016	EGS: Strategic investment into Windward Resources
08/09/2016	WIN Secures Eastern Goldfields as Strategic Investor
02/09/2016	Expiry of Unlisted Options
01/09/2016	Windward to Drill Brookman Gold Prospect
29/08/2016	Western Margin IP Geophysical Survey Results
23/08/2016	Becoming a substantial holder
15/08/2016	Windward Corporate Update
05/08/2016	Drill Collar Details - Western Margin Prospect
03/08/2016	Western Margin Prospect - Exploration Update

Competent Persons Statement

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	
E28/2419	Fraser Range North	Zanthus	N/A	100%	LIVE	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, 01/05/13, 01/09/16

Name of entity

WINDWARD RESOURCES LTD

ABN

38 158 432 270

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(539)	(539)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(288)	(288)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	36	36
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(791)	(791)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,529	5,529
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(791)	(791)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,738	4,738

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	213	238
5.2 Call deposits	4,525	5,291
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,738	5,529

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	84
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

6.1 includes directors' fees, directors' consulting fees and salaries for non-executive directors.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	400
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	300
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	700

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company Secretary

Date: ...25 October 2016.....

Print name:Stephen Brockhurst.....

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.