WINDWARD
RESOURCES LTD
ACN: 158 432 270

# Annual Report
# for the Financial Year Ended 30 June 2013

# WINDWARD RESOURCES LIMITED
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## WINDWARD RESOURCES LIMITED
## CORPORATE DIRECTORY

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**Directors**

**Non-Executive Chairman**
Mr Stephen Lowe

**Managing Director**
Mr David John Frances*****

**Non-Executive Directors**
Mr George Cameron-Dow
Mr Josh Puckridge

**Company Secretary**
Mr Josh Puckridge

***Mr Frances was appointed Managing Director on 1 July 2013.***

**Registered and Principal Office**

Level 9
105 St Georges Terrace
Perth Western Australia 6000

Telephone : +61 (8) 9226 0324
Facsimile : +61 (8) 9226 0327

**Website**

www.windwardresources.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**

WIN

The directors present their report together with the financial statements of Windward Resources Limited ("Windward" or "Company") for the financial year ended 30 June 2013.

**Current Directors**

The name and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless stated otherwise.

Mr Stephen Lowe – Non-Executive Chairman[1] (appointed 18 May 2012)
Mr George Cameron-Dow – Non-Executive Interim Chairman[2] (appointed 18 May 2012)
Mr David Frances – Managing Director (appointed 1 July 2013)
Mr Josh Puckridge – Non-Executive Director (appointed 18 May 2012)

**Names, Qualifications and Special Responsibilities**

**Mr Stephen Lowe, B Bus (ECU), Grad Dip Adv Tax (UNSW), MTax (UNSW), FTIA, MAICD**
**Non-Executive Chairman**

Mr Stephen Lowe is a taxation and business management specialist with over 15 years experience consulting to a wide range of corporate and private clients.

Mr Lowe is currently the full-time business manager for major shareholder Mark Creasy and responsible for managing all aspects of Mr Creasy's business interests and investments.

He is a former director of the Perth based specialist taxation firm MKT - Taxation Advisors. His qualifications include a Bachelor of Business, Post-Graduate Diploma in Advanced Taxation and a Master of Taxation from the University of New South Wales.

Mr Lowe is a Fellow of the Taxation Institute of Australia and a Certified Taxation Advisor. He is also a Member of the Australian Institute of Company Directors.

*Other Listed Public Company Directorships in the last 3 years:*
*Sirius Resources NL - Non-Executive Director (appointed July 2007 – July 2013)*
*Coziron Resources Ltd - Non-Executive Director (appointed October 2010 – current)*

**Mr David John Frances, BSc (Hons)**
**Managing Director**

Mr Frances is a graduate of The University of Western Australia and has been involved in the international mining industry for over 20 years. He was most recently President and CEO of Mawson West Ltd (TSX: MWE), where during his seven year tenure, he led Mawson through the transition from a Western Australian gold explorer to an international copper producer, developer, and explorer in the Democratic Republic of Congo.

Mr Frances' experience in successfully exploring, funding and developing projects, his proven corporate strategic skills, and his knowledge of equity capital markets will be a useful addition to the skills of the Windward team.

*Other Listed Public Company Directorships in the last 3 years:*
*Tawana Resources NL Executive Chairman (appointed January 2013 – May 2013)*
*Orrex Resources Ltd Non-Executive Director (appointed November 2010 – May 2013)*

1. **Mr Lowe stepped down as Chairman on 29 July 2013 and remains as a Non-Executive Director**
2. **Mr Cameron-Dow has taken on the role as Interim Chairman effective 29 July 2013**

**Mr George Cameron-Dow, Master of Management (cum laude) Wits, SEP Stanford (USA), FAICD, FAIM**
**Non-Executive Director**

Mr Cameron-Dow has held several executive and non-executive, listed and private company directorships across a variety of industries.

From 2001 to 2005 Mr Cameron-Dow was a director of corporate advisory and investment firm Churchill Capital Services, where he was responsible for Churchill's private equity interests. He is a founding director of investment advisory firm St George Capital Pty Ltd and investment fund manager Fleming SG Capital Pty Ltd.

Mr Cameron-Dow is past Chairman of a number of retirement funds, past Chairman of a private health insurance fund, past Managing Director of ASX listed Xceed Capital Ltd (now Xceed Resources Ltd) and formerly a director of Consol Limited (a JSE Listed diversified industrial group).

Mr Cameron-Dow has a Master of Management (cum laude) from Wits University and in 1998 attended the Stanford Executive Program at Stanford University, USA. He is a fellow of the Australian Institute of Management, and fellow of the Australian Institute of Company Directors.

*Other Listed Public Company Directorships in the last 3 years:*
*Naracoota Resources Limited - Non-Executive Director (appointed October 2012 – current)*
*Xceed Capital Limited – Executive Director (appointed October 2007 - March 2011)*
*Calzada Limited – Non-Executive Director (appointed April 2009 - November 2010)*

**Mr Josh Puckridge, BCom**
**Non-Executive Director and Company Secretary**

Mr Puckridge has participated in a range of business and corporate advisory ventures and projects for a number of listed resource companies.

Mr Puckridge is an Equity Capital Markets Advisor with investment advisory and funds management firm Fleming SG Capital, prior to which he worked for a national stockbroking firm, advising sophisticated investors in primary market transactions and derivative positions.

*Other Listed Public Company Directorships in the last 3 years:*
*Discovery Resources Limited (appointed December 2010 – current)*

## Interests in the Shares and Options of the Company

As at the date of this report, the interests of the directors in the ordinary shares of Windward were:

| **Directors** | **Ordinary Shares held in Windward** | **Unlisted Options held in Windward** |
|---|---:|---:|
| S. Lowe | 155,000 | Nil |
| G. Cameron-Dow | 300,000 | Nil |
| J. Puckridge | 300,000 | Nil |
| D. Frances | Nil | Nil* |

**** Mr Frances will receive, pending shareholder approval, options in the Company pending the finalisation and shareholder approval of his remuneration package.***

## Dividends

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## Nature of Operations and Principal Activities

Windward's predominant operations, to date, have seen the Company and its agents spend considerable time poising the Company as an explorer of economically significant Gold, Base Metals and Heavy Mineral Sands deposits.

The Company completed a capital raise of $2,000,000, pursuant to the Company's prospectus dated 15 October 2012, and successfully listed on the ASX on 28 November 2012.

The Company is party to a Farm-in and Joint Venture Agreement ("JV") under which the Company may acquire an interest of up to 70% interest in the Fraser Range South Project, held by NBX Pty Ltd ("NBX"). The Company is required to spend $300,000 within the first year of the Joint Venture to earn a 30% interest and a further $300,000 in the second year to earn the remaining 40%. In the event the Company fails to meet the first two years' expenditure requirement, it will be deemed to have withdrawn from the Farm-in and Joint Venture Agreement.

These two tenements, E70/4083 and E70/4085, are referred to as the Company's Fraser Range South Project and are located in the Albany Fraser Range region of Western Australia. The Company has begun to carry out the planned exploration work on its Fraser Range South project whilst also assessing new projects for acquisition to further create shareholder value.

The Company announced to the market on several occasions that its agents and officers have spent time pursuing the economic acquisition of potential world class exploration projects.

## Review and Results of Operations

Windward finishes the year with Cash at Bank of $3,066,707 after beginning the period with $2,981.

The Company has grown its balance sheet's contributed equity from $3,001 to $3,379,319 during the period by raising funds of $3,831,799 (before costs) during the period to fund the Company's ongoing exploration operations. The raised capital comprises of an initial $1,831,799 raise from promoters and seed investors, prior to the Company raising $2,000,000 to list on the ASX pursuant to its prospectus dated 15 October 2012.

Losses from operations during the period totalled $326,275, including $151,840 expensed on the exploration of the Company's Fraser Range South Project. Windward's Fraser Range South Project is located approximately 30 km south and south east of Jerramungup and 40 km north west of Bremer Bay in Western Australia. The Company began its exploration plan by contracting Fugro Airborne Surveys Pty Ltd ("Fugro") to conduct an Airborne Magnetic ("AMAG") and Airborne Radiometric survey of the entirety of the Fraser Range South Project. The survey was completed at a height of 30 meters with 100 meter line spacing.

The data of the survey has undergone initial geophysical interpretation and is currently being reviewed by the Company's consulting Geologists. The output of this geological review will be used to further the Company's understanding of the region, and to prioritise the exploration of E70/4083 and E70/4085.

As at 30 June 2013, the Company has spent $151,840 in relation to the earn in expenditure requirements and has not yet earned the initial 30% interest. See Note 13 and Note 14 to the Financial Accounts

## Operating Results for the Year

The operating result of the Company for the year was a loss of $326,275 (2012: loss $20).

## Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company or any part of those proceedings.

## Significant Changes in State of Affairs

Other than those disclosed in this annual report no significant changes in the state of affairs of the Company occurred during the financial year.

## Significant Events after Balance Date

***Project Acquisition***

An agreement to acquire a 70% interest in tenements covering in excess of 9,000km$^2$ in Western Australia's Fraser Range from multiple entities of Mark Gareth Creasy ("Vendor") was announced on the 24 July 2013.

This acquisition represents an increased holding in the area surrounding Windward's initial Fraser Range South Project and also includes tenements in a new area, approximately 700km north east of the Fraser Range South Project ("Fraser Range North Project").

Consideration for the 70% interest comprises 18,772,031 fully paid ordinary Windward shares and the reimbursement of approximately $3 million in previous exploration completed by the Vendor.

To fund the acquisition and its exploration, the Company also secured firm commitments from investors to raise $10,960,625 (before costs) at 25 cents per share.

The transaction is not yet completed, requiring shareholder approval and the construction of a cleansing document to complete the transaction. On successful completion of the acquisition the Company will maintain the following approximate capital structure:

| | |
|---|---|
| **Shares on Issue:** | 88,057,031 |
| **Debt:** | Nil |
| **Options on Issue:** | Nil |

After expected costs of the capital raising the Company should retain approximately $9.6 million in cash at bank.

For the most recent developments with regards to this after Balance Date event, please consult the Investor Centre page of the Company's website (www.windwardresources.com.au).

***Appointment of Managing Director***

On 1 July 2013 Mr David John Frances was appointed as the Company's Managing Director.

Mr Frances will be paid an executive's salary of $275,000 per annum (excluding superannuation) for the start of the financial year ending 30 June 2014 and will also be entitled to a performance based remuneration package that has yet to have been finalised. Mr France's performance package will, pending shareholder approval, include Company options.

## Indemnification of Officers

Windward has agreed to indemnify all directors and executive officers of the Company, against liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of Windward, except where the liability arises from that has arisen as a wilful breach of duty in relation to the Company. The agreement stipulates that Windward will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid a total of $9,367 in insurance premiums, relating to Director and Officer insurance, during the financial period.

## Environmental Regulation

The directors are mindful of the regulatory regime in relation to the impact of the organisation's activities on the environment. There have been no known breaches of any environmental regulation by the Company during the financial period.

**Future Developments, Prospects and Business Strategies**

Windward is a minerals explorer operating within Western Australia. The Company's current focus is to clinically and cost effectively explore its projects for potential ore bodies of economical size and significance.

As disclosed under the heading of Significant Events after Balance Date in this Directors' report; the Company has entered into a transaction to acquire two new portfolios of exploration tenements in Western Australia's Fraser Range.

This transaction, that will be concluded in the financial year ending 30 June 2014, includes the issue of new shares in the Company to vendors and new investors. Under the current terms of the transaction, the Company can make reference to some future developments and changes in the Company for the forthcoming financial year.

The Company identifies the following likely developments:

**Intentions to Develop**
Windward is an exploration company with every intention of developing its current, and future, exploration projects. Given the status of the projects, the objectives of developing the projects will be done with the objectives of:

- Increasing the Company's geological understanding of current, and future, project portfolios,
- Using its increased geological understanding to identify potential economic ore bodies, and
- Develop the Company's internal capabilities and intellectual property for the purposes of identifying an economic ore body.

**New Markets**
The Company may in the future decide to enter into new markets; though the Company is currently not assessing any opportunities that may result in the Company entering new markets.

**Raise Funds**
As identified under the heading of Significant Events after Balance Date in the Directors' report, the Company has committed to raising $10.96 million via the issue of 43,842,500 new shares in the Company (25 cents per share). These funds have been raised to satisfy the initial acquisition and eventual exploration of the Company's Fraser Range North and expanded Fraser Range South Project.

The Company may, potentially, raise further funds in the event further capital is required to develop the Company's prevailing projects.

**Material Business Risks**

***Exploration Risk***
The Fraser Range South Project has been subject to limited exploration and presently does not have any JORC Code compliant mineral resource estimates.

Mineral exploration and development are high-risk undertakings, and there is no assurance that exploration of the Tenements will result in the discovery of an economic resource deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

**Share Options**

There are no options on issue in the Company.

**Remuneration Report (Audited)**

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report, key management personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of Windward.

For the purposes of this report, the term 'executive' encompasses executive director(s), chief executive, senior executives, general managers and secretaries of the Company.

Details of key management:

**(i) Directors**

| | |
|---|---|
| S. Lowe | Non-Executive Chairman |
| G. Cameron-Dow | Non-Executive Director |
| J. Puckridge | Non-Executive Director |

**(ii) Executives**

There were no full time Executives employed by Windward during the financial year. The Company has engaged the services of SG Corporate Pty Ltd to provide day to day management of the Company including sourcing new investment opportunities for the Company. See the *Corporate Services Agreement* heading under note 14 of Financial Statements.

**Remuneration Philosophy**

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives. To this end, Windward provides competitive rewards to attract high calibre executives.

**Remuneration Committee**

Given the small size of the Board of Directors (three directors), it was not considered practical to establish a committee of the Board as a Remuneration Committee. Accordingly the full Board is responsible for determining and reviewing compensation arrangements for the directors and executives. Any Director with a personal interest in a remuneration matter is excused from participating in those discussions and resulting decisions. It is the intention of the Board to establish a Remuneration Committee once the size of the Company increases.

The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality director and executive team.

**Remuneration Structure**

In accordance with best practice, the structure of non-executive director and executive remuneration is separate and distinct.

**Non-Executive Director Remuneration**

**Objective**

The Board aims to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

**Structure**

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

No aggregate amount remuneration amount for non-executive directors has been set as the Company, being incorporated within the last 18 months, has not yet held a general meeting of shareholders to set the amount.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

Each non-executive director receives a fee for being a director of Windward.

The remuneration of non-executive director(s) for the year ending 30 June 2013 is detailed in Table 1.

During the year Windward made payments to director related entities for services rendered to the Company. Refer to note 15.

As non-executive director(s) are not expected to be involved in the performance of the Company to the same degree as executive director(s) it is not considered appropriate for their remuneration to be dependent on the satisfaction of performance criteria.

**Senior Management and Executive Director Remuneration**

Throughout the current financial year the board of directors comprised of three non-executive directors with no executive directors. The Company outsourced the day to day management of the Company to SG Corporate Pty Ltd.

**Remuneration Details for the Year Ended 30 June 2013**

The following table details the components of remuneration of each KMP of the Company:

**Table of Benefits and Payments for the year ended 30 June 2013**

| | **Short Term Benefit** | | | **Post employment** | | **Equity** | | |
|---|---|---|---|---|---|---|---|---|
| | Salary & Fees | Cash Bonus | Non Monetary Benefits | Super-annuation | Termination payments | Options | Total | Perform-ance Related |
| | $ | $ | $ | $ | $ | $ | $ | % |
| **Non-executive directors** | | | | | | | | |
| S. Lowe – Chairman | $33,651 | - | - | $3,028 | - | - | $36,679 | - |
| G. Cameron-Dow | $30,566 | - | - | - | - | - | $30,566 | - |
| J. Puckridge | $30,566 | - | - | - | - | - | $30,566 | - |
| **Sub-total non-executive directors** | $94,783 | - | - | $3,028 | - | - | $97,811 | - |
| **Executive directors** | | | | | | | | |
| Nil | - | - | - | - | - | - | - | - |
| **Sub-total executive KMP** | - | - | - | - | - | - | - | - |
| **Total** | $94,783 | - | - | $3,028 | - | - | $97,811 | - |

There are no comparative figures for 30 June 2012 as the Company was incorporated 18 May 2012 and payment for Director fees for the period 18 May 2012 to 30 June 2012 was made in the 2013 financial year and is included in the table above.

**Options granted as part of remuneration**

No options were granted during the year (2012: nil).

**Directors' Meetings**

The number of directors' meetings and the number of meetings attended by each of the directors of the Company for the time the director held office during the financial year are as follows:

| Director | Directors Meetings |
|---|---|
| **Number of Meetings Held** | **6** |
| **Number of Meetings Attended** | |
| Mr Stephen Lowe* | 4 |
| Mr George Cameron-Dow | 6 |
| Mr Josh Puckridge | 6 |

***Mr Lowe did not attend some meetings on purpose due to conflicts arising from his employment by the Creasy Group.**

In addition, the Board of Directors approved a total of 2 circular resolutions during the year ended 30 June 2013.

**Committee Membership**

Given the small size of the Board of Directors (three directors), it has not been considered practical to establish a committee of the Board as a Remuneration Committee or an Audit Committee. Accordingly the full Board is responsible for determining and reviewing compensation arrangements for the directors and executives, as well as audit and risk matters. It is the intention of the Board to establish a Remuneration Committee and Audit Committee once the size of the Board and the Company operations increase.

**Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability the directors of Windward support and have adhered to the principles of corporate governance except where noted that it is impractical. The Company's corporate governance statements and policies are included on the Company's website.

**Independent Professional Advice**

Directors of the Company are expected to exercise considered and independent judgement on matters before them and may need to seek independent professional advice. A director with prior written approval from the Chairman may, at the Company's expense obtain independent professional advice to properly discharge their responsibilities.

**Non Audit Services**

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year ended, 30 June 2013 the following was paid to Moore Stephens for non-audit services:

| | $ |
|---|---|
| Investigating Accountant's Report | 11,358 |
| **Total** | **11,358** |

**Auditor Independence**

Section 307C of the Corporations Act 2001 requires our auditors, Moore Stephens Perth to provide the directors of the Company with an Independence Declaration in relation to the audit of the Financial Report. The directors received the Independence Declaration set out on page 11 for the year ended 30 June 2013:

Signed in accordance with a resolution of the directors:

**Mr Josh Puckridge**
**Non-Executive Director and Company Secretary**

Dated this 23 day of August 2013

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Neil Pace

**Neil Pace**
**Partner**

Moore Stephens

**Moore Stephens**
**Chartered Accountants**

Signed at Perth this 23 day of August 2013

## WINDWARD RESOURCES LIMITED
## CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “Board”) of Windward Resources Limited (“Windward”) is accountable to the shareholders and other stakeholders for the performance of the Company. To this end, the Board is committed to maintaining the highest ethical standards and best practice in the area of corporate governance to ensure that the company’s business is conducted in the best interests of all concerned.

A description of Windward’s main corporate governance practices and policies are set out in this statement and on the Company’s web site (www.windwardresources.com.au). Except for the departures explained in this statement, the directors believe that the Company’s policies and practices have complied in all substantial respects with the objectives of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (Second Edition Corporate Governance Guidelines).

This Corporate Governance Statement is designed to provide investors with updated information with respect to the Company's corporate governance following any change in the board’s composition and companies activities.

The Company is currently in the process of reviewing its corporate governance program and shall provide updated disclosure on its public website as changes are implemented.

| Principle No. | Best Practice Recommendation | Compliance | Reasons for Non-compliance |
|---|---|---|---|
| **1** | **Lay solid foundations for management and oversight** | | |
| 1.1 | Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. | The Company has a Board Charter which clearly establishes the relationship between the Board and management in order to facilitate Board and management accountability to shareholders. The Board Charter is available on the Company's website in the Corporate Governance Plan. | Complies |
| 1.2 | Companies should disclose the process for evaluating the performance of executive management. | The Board will monitor management's performance and implementation of strategies and financial objectives which are set by the Board. This assessment is conducted informally on an ad hoc basis rather than through a formal evaluation process. | Complies |
| 1.3 | Provide related disclosures:<br>- An explanation of any departures from any Principle 1 Recommendation;<br>- Whether a performance evaluation for senior executives has taken place during the reporting period under the process disclosed; and<br>- Make publicly available the Board Charter. | The Company will explain any departures (if any) from its best practice recommendation 1.1 and 1.2 in its future annual reports.<br><br>The Company will disclose whether a performance evaluation has been conducted during the financial year in its future annual reports.<br><br>The Board Charter is available on the Company's website in the Corporate Governance Plan. | Complies |
| **2.** | **Structure of the Board to add value** | | |
| 2.1 | A majority of the Board should be independent directors. | The board takes the view that none of the Directors are independent in terms of the ASX Corporate Governance Council's discussion on independent status. | The board believes that all Directors are able to, and do, make quality and independent judgements in the best interests of the Company and its shareholders with regards to all issues put before it. It is the board's opinion that the cost of increasing the size of the board to create the majority of independent members is greater than its associated benefits for a Company of its current scale. |
| 2.2 | The Chair should be an independent director. | The Chairman for the period ,Mr Stephen Lowe, is not considered to be an independent director. | The board believes that Mr Lowe is able to, and does, make quality and independent judgements in the best interests of the Company and its shareholders. It is the board's opinion that the cost of securing an independent Chairman of Mr Lowe's calibre and experience would be too costly to a Company of Windward's scale. |
| 2.3 | The roles of Chair and Chief Executive Officer should not be exercised by the same individual. | The Chairman does not act as a Executive Officer. | Complies |

| | | | |
|---|---|---|---|
| 2.4 | The Board should establish a Nomination Committee. | The Board has not established a Nomination Committee. | The Board considers that the Company is not currently of the relevant size or complexity to warrant the formation of a Nomination Committee.<br><br>The Board currently takes on the responsibility of assessing and identifying the required characteristics in new, and existing, Directors and implementing changes as required.<br><br>Once the Board deems that the Company warrants a Nomination Committee, one will be formed in compliance with this recommendation. |
| 2.5 | Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors. | The Board's overall performance and its own succession plan is conducted informally by the Chairman and Directors on an ad hoc basis to ensure that the Board is composed of individuals who have a mix of skills and experience necessary for the conduct of the Company's activities. | Complies |
| 2.6 | Provide related disclosures:<br>- The skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report;<br><br>- The names of the directors considered by the Board to constitute independent directors and the company's materiality thresholds;<br><br>- The existence of any relationships listed in Box 2.1 and an explanation of why the Board considers a director to be independent, notwithstanding the existence of those relationships;<br><br>- A statement as to whether there is a procedure agreed by the Board to take independent professional advice at the expense of the Company;<br><br>The term of office held by each director in office at the date of the Annual Report; | The information has been disclosed and will be disclosed in future annual reports.<br><br>The information has been disclosed and will be disclosed in future annual reports.<br><br>The information has been disclosed and will be disclosed in future annual reports.<br><br>The information has been disclosed and will be disclosed in future annual reports.<br><br>The information has been disclosed and will be disclosed in future annual reports. | Complies |

| | | | |
|---|---|---|---|
| | - The names of members of the Nomination Committee and their attendance at meetings of the committee, or where a company does not have a Nomination Committee, how the functions of a Nomination Committee are carried out; | There is no specific Nomination Committee - this function is performed by the entire Board. | |
| | - Whether a performance evaluation for the Board, its committee(s) and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; | The information has been disclosed and will be disclosed in future annual reports. | |
| | - An explanation of any departures from any Principle 2 Recommendation; | The information has been disclosed and will be disclosed in future annual reports. | |
| | - Make publicly available: | | |
| | - A description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors. | The information has been disclosed in the Board Charter available on the Company's website. | |
| | - The charter of the Nomination Committee or a summary of the role, rights, responsibilities and membership requirements for that committee. | Not applicable – function performed by the Board as a whole | |
| | - The Board's policy for the nomination and appointment of directors. | The information is contained in the Board Charter available on the Company's website. | |

| | | | |
|---|---|---|---|
| **3.** | **Promote ethical and responsible decision -making** | | |
| 3.1 | Companies should establish a code of conduct and disclose the code or a summary of the code as to:<br>- The practices necessary to maintain confidence in the company's integrity;<br>- The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and<br>-The responsibility and accountability of individuals for reporting and investigating reports of unethical practices. | The Board has adopted a Corporate Code of Conduct, which promotes ethical and responsible decision-making by directors and employees. The Corporate Code of Conduct can be found on the Company's website in the Corporate Governance Plan. The Corporate Code of Conduct emphasises the practices necessary to maintain confidence in the Company's integrity and those practices necessary to take into account the Company's legal obligations and the reasonable expectations of the Company's stakeholders. | Complies |
| 3.2 | Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. | The Board supports workplace diversity but considers the Company is not yet of the size or maturity to warrant a formal diversity policy. | The Company has only recently been incorporated and has focused more on the technical skills of its board rather than factors pertaining to the social, cultural or gender diversity of its members. |
| 3.3 | Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. | This disclosure has not yet been made. Future annual reports will disclose the measurable objectives for achieving gender diversity set by the board in accordance with the future Diversity Policy and progress in achieving them. | The Company will evaluate in future Annual Reports how this can be met in considering future board and key executive appointments. |
| 3.4 | Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women in the board | This disclosure has not yet been made. Future annual reports will disclose the measurable objectives for achieving gender diversity set by the board in accordance with the future Diversity Policy and progress in achieving them. | The Company will evaluate in future Annual Reports how this can be met in considering future board and key executive appointments. |
| 3.5 | Provide related disclosures:<br>- An explanation of any departure from Recommendation 3<br>- Posting to the company's web site any applicable code of conduct or a summary and the diversity policy or a summary of its main provisions | Explanation of departures from Principles and Recommendations 3.3 and 3.4 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 3.3 and 3.4 (if any) in its future annual reports.<br>The Corporate Governance Plan, which includes the Corporate Code of Conduct and the Diversity Policy is posted on the Company's website. | The Company will evaluate in future Annual Reports how this can be met in considering future board and key executive appointments |

| | | | |
|---|---|---|---|
| **4** | **Safeguard integrity in financial reporting** | | |
| 4.1 | The Board should establish an Audit Committee | The Board has not established an Audit Committee. | The Board considers that the Company is not of a size, nor financial complexity, to warrant the formation of an Audit Committee. The Board, as a whole, undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operations of the internal control systems. |
| 4.2 | The Audit Committee should be structured so that it:<br>- Consists only of non-executive directors;<br>- Consists of a majority of independent directors;<br>- Is chaired by an independent director who is not chair of the board;<br>- Has at least three members. | Given the size and composition of the Board it is not currently possible to satisfy this criteria. | The Board considers that the Company is not of a size, nor financial complexity, to warrant the formation of an Audit Committee. The Board, as a whole, undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operations of the internal control systems. |
| 4.3 | The Audit Committee should have a formal charter | Although the Company does not currently have an Audit Committee, the Audit and Risk Committee Charter can be obtained from the company's website. | The Board considers that the Company is not of a size, nor financial complexity, to warrant the formation of an Audit Committee. The Board, as a whole, undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operations of the internal control systems. |

| | | | |
|---|---|---|---|
| 4.4 | Provide related disclosures:<br>- The names and qualifications of those appointed to the Audit Committee and their attendance at meetings of the committee, or, where a company does not have an Audit Committee, how the functions of an Audit Committee are carried out;<br>- The number of meetings of the Audit Committee;<br>- Explanation of any departures from any Principle 4 Recommendation;<br>- The Audit Committee charter;<br>- Information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners. | Non Compliance as noted in 4.1 | Non Compliance as noted in 4.1 |
| **5** | **Make timely and balanced disclosure** | | |
| 5.1 | Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies. | The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and where applicable issuing media releases. | Complies |
| 5.2 | Provide related disclosures:<br>- An explanation of any departure from any Principle 5 Recommendation;<br>- The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements. | Not applicable.<br>The Continuous Disclosure Policy can be found on the Company's website in the Corporate Governance Plan. | Complies |
| **6** | **Respect the rights of shareholders** | | |
| 6.1 | Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. | The Company has developed a shareholder communications strategy to promote timely communication of information to shareholders. The company is aware of its obligations under the Corporations Act and the listing Rules, to provide the market with information which is not generally available and which may have a material effect on price or value of the company's securities.<br>Information is communicated to shareholders as follows:<br>• Notices of all shareholder meetings; | Complies |

| | | | |
|---|---|---|---|
| | | • All documents that are released publicly will be available on the Company's website. | |
| 6.2 | Provide related disclosures:<br>- An explanation of any departures from any Principle 6 Recommendation;<br>- A description of how the company will communicate with its shareholders publicly. | N/A<br>The Shareholder Communications Strategy is available on the Company's website in the Corporate Governance Plan. | Complies |
| **7** | **Recognise and manage risk** | | |
| 7.1 | Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. | The Company is committed to the identification, monitoring and management of risks associated with its business activities. The Company's risk management policies are available on the Company's website in the Corporate Governance Plan. | Complies |
| 7.2 | The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. | The outsourced Executive Manager complies by maintaining internal controls suitable for a public company. | Complies |
| 7.3 | The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. | The Board maintains no Executive Directors. | Does not comply. |
| 7.4 | Provide related disclosures:<br>- An explanation of any departures from any Principle 7 Recommendation;<br>- Whether the Board has received the support from management under Recommendation 7.2;<br>- Whether the Board has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.<br>- A summary of the company's policies on risk oversight and management of material business risks. | The Company will provide explanation of any departures (if any) from best practice recommendations in its future annual reports.<br>The information is disclosed in the annual report<br>The company is not of the size or complexity to justify the expense of an executive directorship.<br>The Company's risk management policy is available on the company's website in the Corporate Governance Plan. | Complies |

| | | | |
|---|---|---|---|
| **8** | **Remunerate fairly and responsibly** | | |
| 8.1 | The Board should establish a Remuneration Committee | The Board has not established a Remuneration Committee. | The Board considers that the Company is not currently of the relevant size or complexity to warrant the formation of a Remuneration Committee. This function is carried out by the full board.<br><br>Once the Board deems that the Company warrants a Remuneration Committee, one will be formed in compliance with this recommendation. |
| 8.2 | The remuneration committee should be structured so that it:<br>• Consists of a majority of independent directors<br>• Is chaired by the independent chair<br>• Has at least 3 members | Given the size and composition of the Board it is not currently possible to satisfy this criteria. | The Company will continue to evaluate how this can be met in considering future Board appointments. |
| 8.3 | Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives | Complies, refer Directors' Report. | Complies |
| 8.4 | Provide related disclosures:<br>- The names of the members of the Remuneration Committee and their attendance at meetings of the committee, or where a company does not have a Remuneration Committee, how the functions of a Remuneration Committee are carried out;<br><br>- The existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors;<br><br>- An explanation of any departures from any Principle 8Recommendation;<br><br>- The charter of the Remuneration Committee or a summary of the role, rights, responsibilities and membership requirements for that committee;<br><br>- A summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes. | Non Compliance as noted in 8.1<br><br>Not applicable.<br><br>Not applicable.<br><br>Although the Company does not currently have a Remuneration Committee, the Remuneration Committee Charter can be obtained from the company's website<br><br>Not applicable. | Non Compliance as noted in 8.1 |

## WINDWARD RESOURCES LIMITED
## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 30 JUNE 2013

| | Note | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **Revenue** | 4(a) | 88,496 | - |
| Employee and consultants expense | 4(b) | (101,756) | - |
| Exploration expense | 4(c) | (151,840) | - |
| Corporate finance and administrative expense | 4(d) | (161,175) | (20) |
| **Loss before income tax** | | **(326,275)** | **(20)** |
| Income tax expense | 5 | - | - |
| Net loss for the financial year | | **(326,275)** | **(20)** |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | **(326,275)** | **(20)** |
| **Basic and diluted loss per share (in cents)** | 6 | (0.0164) | (0.0000) |

The accompanying notes form part of these financial statements

# WINDWARD RESOURCES LIMITED
# STATEMENT OF FINANCIAL POSITION
# AS AT 30 JUNE 2013

| | Note | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | 3,066,707 | 2,981 |
| Trade and other receivables | 8 | 7,778 | - |
| Prepayments | | 1,873 | - |
| **TOTAL CURRENT ASSETS** | | 3,076,358 | 2,981 |
| **TOTAL ASSETS** | | **3,076,358** | **2,981** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 9 | 23,334 | - |
| **TOTAL CURRENT LIABILITIES** | | 23,334 | - |
| **TOTAL LIABILITIES** | | **23,334** | **-** |
| **NET ASSETS** | | **3,053,024** | **2,981** |
| **EQUITY** | | | |
| Contributed Equity | 10 | 3,379,319 | 3,001 |
| Accumulated Losses | 11 | (326,295) | (20) |
| **TOTAL EQUITY** | | **3,053,024** | **2,981** |

The accompanying notes form part of these financial statements

## WINDWARD RESOURCES LIMITED
## STATEMENT OF CASHFLOWS
## FOR THE YEAR ENDED 30 JUNE 2013

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (401,088) | (20) |
| **Net cash flows from operating activities** | 7 | (401,088) | (20) |
| | | | |
| **Cash flows from investing activities** | | | |
| Interest received | | 88,496 | - |
| **Net cash flows from investing activities** | | 88,496 | - |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares in the Company (net of costs) | | 3,376,318 | 3,001 |
| **Net cash flows from financing activities** | | 3,376,318 | 3,001 |
| | | | |
| Net increase in cash and cash equivalents | | 3,063,726 | 2,981 |
| Cash and cash equivalents at the beginning of the year | | 2,981 | - |
| | | | |
| **Cash and cash equivalents at the end of the year** | 7 | 3,066,707 | 2,981 |

The accompanying notes form part of these financial statements

**WINDWARD RESOURCES LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2013**

| | Issued Capital $ | Accumulated Loss $ | Total $ |
|---|---|---|---|
| **On incorporation (18 May 2012)** | - | - | - |
| Loss for the period | - | (20) | (20) |
| Other comprehensive income | - | - | - |
| | **-** | **(20)** | **(20)** |
| Transactions with equity holders in their capacity as owners | | | |
| Issue of shares (net of costs) | 3,001 | - | 3,001 |
| **Total transactions with equity holders in their capacity as owners** | **3,001** | **-** | **3,001** |
| **Balance at 30 June 2012** | **3,001** | **(20)** | **2,981** |
| Loss for the period | - | (326,275) | (326,275) |
| Other comprehensive income | - | - | - |
| | **-** | **(326,275)** | **(326,275)** |
| Transactions with equity holders in their capacity as owners | | | |
| Issue of shares (net of costs) | 3,376,318 | - | 3,376,318 |
| **Total transactions with equity holders in their capacity as owners** | **3,376,318** | **-** | **3,376,318** |
| **Balance at 30 June 2013** | **3,379,319** | **(326,295)** | **3,053,024** |

The accompanying notes form part of these financial statements

## 1. CORPORATE INFORMATION

The financial report of Windward Resources Limited (the "Company") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 23 August 2013.

Windward Resources Limited 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

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### (c) New accounting standards and interpretations

The Company has adopted all new and revised accounting standards and interpretations that are relevant to its operations and effective for reporting periods beginning 1 July 2012. None of the new and revised standards and interpretations adopted during the year had a material impact.

#### New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2013. The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

– AASB 9*: Financial Instruments* (December 2010) and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6*: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Company is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 30 June 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 will not have a significant impact on the Company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 10*: Consolidated Financial Statements*, AASB 11: *Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012–10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*), and AASB 2011–7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation – Special Purpose Entities*. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Company's financial statements as it has no controlled entities.

AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

This Standard will not alter accounting practices adopted for Joint Venture to date.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Company's financial statements.

– AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

- AASB 2011–4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013).

  This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3).

  This Standard is not expected to significantly impact the Company's financial report as a whole because:

  - some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Company; and
  - AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.

- AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).
- AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).
- AASB 2012–2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.-

  This Standard is not expected to significantly impact the Company's financial statements.

- AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard is not expected to significantly impact the Company's financial report.

- AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011* (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* by the International Accounting Standards Board.

  This Standard is not expected to significantly impact the Company's financial statements.

### (d) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision makers – being the board of directors.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 "Operating Segments" are combined and disclosed in a separate category called "other".

### (e) Interest in Jointly Controlled Assets

The Company has an interest in a Farm-in and Joint Venture ("Joint Venture"), whereby the Company has a contractual arrangement that establishes the right, but not obligation, to earn an economic interest in the Tenements held by the Company's counterparty to the Farm-in and Joint Venture.

The Company recognises its interest in the Joint Venture using the proportionate consolidated method. The Company combines its proportionate share of each of all assets, liabilities, income and expenses incurred under the Joint Venture with similar items, line by line, in its financial statements.

The Company has yet to take any percentage interest in the Joint Venture as the Company has not yet met the initial Farm-in terms. See Note 13 for full details of the Joint Venture.

### (f) Exploration and Evaluation Assets

Exploration and evaluation expenditure in relation to the Company's mineral tenements is expensed as incurred. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

### (g) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed over an ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to note 1(p) for further discussion on the determination of impairment losses.

### (h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

### (i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

**Interest**
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

### (j) Trade and Other Payables

Liability for trade creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

### (k) Income Tax

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

**(l) Other Taxes (Goods and Services Tax)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(m) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(n) Loss Per Share**

Basic loss per share is calculated as the net loss attributable to members of Windward, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as the net loss attributable to members of Windward, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

  divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(o) Financial Instruments and Impairment**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments other then loans receivables and financial liabilities, the entity does not currently hold any other classification of financial assets.

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**(p) Impairment**

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

## 3. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources. The Company has one main operating segment being exploration for mineral resources in Australia.

### Business Segments

| | Exploration<br>$ | Other<br>$ | Total<br>$ |
|---|---|---|---|
| **Year ended 30 June 2013** | | | |
| **Segment Revenue** | | | |
| Segment revenue from external parties | - | 88,496 | 88,496 |
| Total Segment Revenue | - | 88,496 | 88,496 |
| Segment Result | (151,840) | (174,435) | (326,275) |
| Segment total assets | - | 3,076,358 | 3,076,358 |
| Segment total liabilities | - | 23,334 | 23,334 |
| Capital expenditure | - | - | - |
| Segment depreciation & amortisation | - | - | - |
| **Segment Cash Flow** | | | |
| Net cash flow from operating activities | (151,840) | (249,248) | (401,088) |
| Net cash flow from investing activities | - | 88,496 | 88,496 |
| Net cash flow from financing activities | - | 3,376,318 | 3,376,318 |

| | Exploration<br>$ | Other<br>$ | Total<br>$ |
|---|---|---|---|
| **Year ended 30 June 2012** | | | |
| **Segment Revenue** | | | |
| Segment revenue from external parties | - | - | - |
| Total Segment Revenue | - | - | - |
| Segment Result | - | (20) | (20) |
| Segment total assets | - | 2,981 | 2,981 |
| Segment total liabilities | - | - | - |
| Capital expenditure | - | - | - |
| Segment depreciation & amortisation | - | - | - |
| **Segment Cash Flow** | | | |
| Net cash flow from operating activities | - | (20) | (20) |
| Net cash flow from investing activities | - | - | - |
| Net cash flow from financing activities | - | 3,001 | 3,001 |

**Basis of accounting for purposes of reporting by operating segments**

**Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those of the Company disclosed in Note 2.

## 4. REVENUES AND EXPENSES

| | | 2013 $ | 2012 $ |
|---|---|---|---|
| **(a)** | **Revenue** | | |
| | Interest revenue | 88,496 | - |
| **(b)** | **Employee and consultants expense** | | |
| | Directors' fees | 94,783 | - |
| | Superannuation | 3,028 | |
| | Consultants | 3,945 | - |
| | | 101,756 | - |
| **(c)** | **Exploration expense** | | |
| | General exploration | 108,843 | - |
| | Tenement administration | 11,488 | - |
| | Tenement rent | 31,509 | - |
| | | 151,840 | - |
| **(d)** | **Corporate finance and administrative expense** | | |
| | Corporate services fee | 84,000 | - |
| | Legal fees | 33,207 | - |
| | Insurance | 9,367 | - |
| | General office administration | 34,601 | 20 |
| | | 161,175 | 20 |

## 5. INCOME TAX

Major components of income tax expense are:

| Income Statement | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Income tax expense reported in the Statement of Profit and Loss and Other Comprehensive Income | - | - |

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Net loss before income tax expense | **(326,275)** | (20) |
| Prima facie tax calculated at 30% (2012: 30%) | **(97,882)** | (6) |
| Permanent differences | **537** | - |
| Temporary differences and tax loss not recognised | **97,345** | 6 |
| Income tax benefit | **-** | - |

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Unrecognised deferred tax assets | | |
| Provision for annual leave | **-** | - |
| Accrued audit fees | **2,550** | - |
| Revenue losses | **94,795** | 6 |
| | **97,345** | 6 |

### Availability of Tax Losses

The availability of the tax losses for future periods is uncertain and will be dependent on the Company satisfying strict requirements with respect to continuity of ownership and the same business test imposed by income tax legislation.

The recoupment of available tax losses as at 30 June 2013 is contingent upon the following:

(a) the Company deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;

(b) the conditions for deductibility imposed by income tax legislation continuing to be complied with; and

(c) there being no changes in income tax legislation which would adversely affect the Company from realising the benefit from the losses.

Given the Company is currently in a loss making position, a deferred tax asset has not been recognised with regard to unused tax losses, as it has not been determined that the Company will generate sufficient taxable profit against which the unused tax losses can be utilised.

## 6. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the net loss and share data used in the basic and diluted loss per share computations:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Net loss from continuing operations | (326,275) | (20) |
| Weighted average number of ordinary shares for basic and diluted loss per share | 19,870,404 | 312,329 |
| Basic and diluted loss per share (in cents) | (0.0164) | (0.000) |

There have been no transactions, that have completed or will complete, involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the balance date and the date of these financial statements. See *Significant Events after Balance Date* for more information.

## 7. CASH AND CASH EQUIVALENTS

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Cash at bank and in hand | 3,066,707 | 2,981 |

Cash at bank and in hand earns interest at floating rates based on daily at call bank deposit and savings rates.

The fair value of cash and cash equivalents at 30 June 2013 was $3,066,707 (2012: $2,981).

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Reconciliation from the net loss after tax to the net cash flows from operations** | | |
| Net loss | (326,275) | (20) |
| *Adjustments for:* | | |
| Interest received (included in investing activities) | (88,496) | - |
| *Changes in assets and liabilities:* | | |
| (Increase)/decrease in trade and other receivables | (7,778) | - |
| (Increase)/decrease in prepayments | (1,873) | - |
| (Decrease)/increase in trade and other payables | 23,334 | - |
| Net cash from operating activities | (401,088) | (20) |

## 8. TRADE AND OTHER RECEIVABLES (CURRENT)

| | 2013 $ | 2012 $ |
|---|---|---|
| Other receivables | 7,778 | - |

Other receivables are non-interest bearing and are generally on 30 – 90 day terms.

Other receivables are neither impaired nor past due. It is expected that these balances will be received when due.

## 9. TRADE AND OTHER PAYABLES

| | 2013 $ | 2012 $ |
|---|---|---|
| Trade payables | 13,748 | - |
| Other payables | 9,586 | - |
| | 23,334 | - |

Trade payables and other payables are non-interest bearing and are normally settled on 30 to 60 day terms. Other payables are non-interest bearing and have an average term of 45 days.

## 10. CONTRIBUTED EQUITY

| | 2013 $ | 2012 $ |
|---|---|---|
| Ordinary shares | | |
| Issued and fully paid | 3,379,319 | 3,001 |

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | *Number* | *$* | *Number* | *$* |
| Movement in ordinary shares on issue | | | | |
| At beginning of period | 3,000,000 | 3,001 | - | - |
| Issue of promoter shares | 1,000,000 | 1,000 | 3,000,000 | 3,001 |
| Issue of shares pursuant to seed prospectus | 11,442,500 | 1,830,800 | | |
| Transaction costs | - | (89,638) | | |
| Issue of shares pursuant to IPO prospectus | 10,000,000 | 2,000,000 | | |
| Transaction costs | - | (365,844) | | |
| At end of period | 25,442,500 | 3,379,319 | 3,000,000 | 3,001 |

## 11. ACCUMULATED LOSSES AND RESERVES

| | 2013 $ | 2012 $ |
|---|---|---|
| **Accumulated Losses** | | |
| Accumulated losses at beginning of financial year | (20) | - |
| Net loss attributable to members of the Company | (326,275) | (20) |
| Accumulated losses at end of financial year | (326,295) | (20) |

## 12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables and cash which arise directly from its operations.

The Company manages its exposure to key financial risks, in accordance with its financial risk management policy. The objective of the policy is to support the delivery of financial targets whilst protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### Risk Exposures and Responses

*Interest rate risk*

The Company generates income from interest on surplus funds.

At balance date, the Company had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Financial Assets** | | |
| Cash and cash equivalents | 3,066,707 | 2,981 |
| Net exposure | 3,066,707 | 2,981 |

The Company periodically analyses its interest rate exposure. Within this analysis consideration is given to alternative financing, hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The reasonably possible changes in interest rates used below were derived by reference to the maximum movement in historical interest rates per year over the last 10 years.

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

Judgments of reasonably possible movements (based on historical yearly movements in interest rates):

| | Net Profit Higher/ (Lower) | | Equity Higher/ (Lower) | |
|---|---|---|---|---|
| | 2013<br>$ | 2012<br>$ | 2013<br>$ | 2012<br>$ |
| Average Balance | $2,725,333 | $250 | $2,725,333 | $250 |
| +1% (100 basis points) | $27,253 | $2.50 | $27,253 | $2.50 |
| -0.5% (50 basis points) | ($13,626) | ($1.25) | ($13,626) | ($1.25) |

The movements in profit are due to higher/lower interest income on cash balances. The sensitivity is higher in 2013 than in 2012 due to higher balances of cash held at the end of the current year.

*Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks. The Company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the balance sheet date. The Company considers the credit standing of counterparties when making deposits to manage the credit risk.

*Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company holds the majority of its financial assets as cash deposits and has minimal liabilities hence does not have any material liquidity risk at year end.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities as at 30 June 2013. Cash flows for financial liabilities with fixed amount or timing are presented with their respective discounted cash flows for the respective upcoming fiscal years.

The remaining contractual maturities of the Company's financial liabilities are:

| | **2013** | **2012** |
|---|---|---|
| | **$** | **$** |
| *6 months or less* | 23,334 | - |
| | 23,334 | - |

**Maturity analysis of financial assets and liabilities based on management's expectation**

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. To monitor existing financial assets and liabilities as well as to enable effective control of future risks, the Company has established risk reporting processes covering its business units that reflect expectations of management of expected settlement of financial assets and liabilities.

| | ***≤6 months*** | ***6-12 months*** | ***1-5 years*** | ***>5 years*** | ***Total*** |
|---|---|---|---|---|---|
| | ***$*** | ***$*** | ***$*** | ***$*** | ***$*** |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 3,066,707 | - | - | - | 3,066,707 |
| Trade and other receivables | 7,778 | - | - | - | 7,778 |
| **Financial Liabilities** | | | | | |
| Trade and other payables | (23,334) | - | - | - | (23,334) |
| Net maturity | 3,051,151 | - | - | - | 3,051,151 |

The Company monitors rolling forecasts of liquidity reserves on the basis of expected cash flow.

*Fair values*

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

## 13. JOINTLY CONTROLLED ASSET

***Farm-in and Joint Venture Agreement***

On 10 October 2012, Windward entered into a Farm-in and Joint Venture agreement with NBX Pty Ltd ("NBX"), an entity controlled by Mark Gareth Creasy, to acquire up to a 70% interest in two granted exploration tenements, E70/4083 and E70/4085, in the Albany Fraser Range belt of Western Australia ("Tenements") ("Agreement").

Under the Agreement, Windward has assumed the operatorship of the Tenements, which cover a combined total area of 767km$^2$. Windward is to earn a 70% legal and beneficial interest in the Tenements by spending $600,000 on exploration within two years of entering the agreement. Windward's only obligation under the Agreement is to keep the Tenements in good standing whilst the Agreement stands.

Material terms of the Agreement are summarized as:

(**Earn-in Expenditure**) NBX has granted to Windward the right earn a 70% in the Tenements by funding expenditure of $600,000 over two years as follows:

a) $300,000 expenditure within the first year to earn a 30% interest; and
b) a further $300,000 expenditure in the second year to earn an additional 40% interest (70% in total).

(**Prospector Rights**) NBX (through its employees, consultants and agents) has the right to fossick and prospect for alluvial and elluvial gold, or other minerals on the Tenements by using a metal detector, other handheld equipment and mobile mechanised equipment to recover gold, or other minerals in surface soils and recent alluvials, with any gold, or other minerals recovered to remain the sole and absolute property of NBX.

(**Joint Venture**) With effect from completion of the farm-in component of the Farm-in and Joint Venture agreement, the parties will form a formal joint venture for the purpose of undertaking the further exploration on the Tenements. The initial participating interests will be Windward 70% and NBX 30%. Windward must sole fund the joint venture exploration costs until the completion of any bankable feasibility study on the Tenements.

(**Decision to mine**) A decision to conduct mining operations is to be made by a majority vote. A participant electing not to participate is deemed to have transferred their interest in the mining area in return for a 2% royalty on the gross revenue from the sale of materials produced from the Tenements.

(**Usual Terms**) The Agreement contains terms customarily found in a joint venture agreement for the management, operation and reporting on the activities of the joint venture, as well as, pre-emptive rights over each participant's joint venture interest.

As at 30 June 2013, the Company has spent $151,840 in relation to the earn in expenditure requirements and has not yet earned the initial 30% interest.

## 14. COMMITMENTS

***Corporate Services Agreement***

The Company has an Office Services and Management Agreement with SG Corporate Pty Ltd (SGC) under which SGC has agreed to provide office facilities, management and associated services to the Company at a fixed monthly fee of $12,000 plus GST, which may be terminated by either party providing 3 months notice after an initial non termination period of 12 months from 28 November 2012.

***Farm-in and Joint Venture Agreement***

The Company is party to a Farm-in and Joint Venture Agreement under which the Company may acquire an interest of up to 70% interest in the Fraser Range South Project, held by NBX Pty Ltd. The Company is required to spend $300,000 within the first year of the Joint Venture to earn a 30% interest and a further $300,000 in the second year to earn the remaining 40%. In the event the Company fails to meet the first two years' expenditure requirement, it will be deemed to have withdrawn from the Farm-in and Joint Venture Agreement.

## 15. RELATED PARTY DISCLOSURE

### *Farm-in and Joint Venture Agreement*

The Company is party to a Farm-in and Joint Venture Agreement under which the Company may acquire up to a 70% interest in the Fraser Range South Project, held by NBX Pty Ltd ("NBX"). NBX is a member of the Creasy Group and will receive benefits under this Farm-in and Joint Venture Agreement.

Under the Farm-in and Joint Venture Agreement Windward is required to spend $600,000 in exploration over two years to earn a 70% interest in the Tenements.

Mr Stephen Lowe, Non-Executive Chairman of Windward, is an employee of the Creasy Group. Directors without a material personal interest, Mr Cameron-Dow and Mr Puckridge consider the Farm-in and Joint Venture Agreement to be on arms' length terms.

### *Corporate Services Agreements*

Mr George Cameron-Dow, Non-Executive Director of Windward, is a director and shareholder of SG Corporate Pty Ltd ("SG Corporate") and St George Capital Pty Ltd ("St George Capital").

SG Corporate and St George Capital have been paid a combined management fee of $150,000 plus GST for work related to management of the Company from incorporation, provision of registered offices, company secretarial, accounting services and management of the IPO process. SG Corporate receives a monthly corporate services and management fee of $12,000 plus GST.

## 16. EVENTS AFTER THE BALANCE SHEET DATE

### *Project Acquisition*

An agreement to acquire a 70% interest in tenements covering in excess of 9,000km$^2$ in Western Australia's Fraser Range from multiple entities of Mark Gareth Creasy ("Vendor") was announced on the 24 July 2013.

This acquisition represents an increased holding in the area surrounding Windward's initial Fraser Range South Project and also includes tenements in a new area, approximately 700km north east of the Fraser Range South Project ("Fraser Range North Project").

Consideration for the 70% interest comprises 18,772,031 fully paid ordinary Windward shares and the reimbursement of approximately $3 million in previous exploration completed by the Vendor.

To fund the acquisition and its exploration, the Company also secured firm commitments from investors to raise $10,960,625 (before costs) at 25 cents per share.

## 17. AUDITORS' REMUNERATION

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Remuneration of the auditor for: | | |
| - Auditing or reviewing the financial statements | 12,500 | - |
| - Other services | 11,358 | - |

## 18. DIRECTORS AND EXECUTIVE DISCLOSURES

### (a) Details of Key Management Personnel

*(i) Directors*

| | |
|---|---|
| S. Lowe | Non-Executive Chairman |
| G. Cameron-Dow | Non-Executive Director |
| J. Puckridge | Non-Executive Director |

### (b) Remuneration of Key Management Personnel

| | 2013 $ | 2012 $ |
|---|---|---|
| Short-term employee benefits | 97,811 | - |
| Total compensation | 97,811 | - |

### (c) Shareholdings of Key Management Personnel

***Shares held in Windward Resources Limited***

| | *Balance 01-Jul-12* | *Net Change* | *Balance 30-June-13* |
|---|---|---|---|
| | ***Ord*** | ***Ord*** | ***Ord*** |
| **Directors** | | | |
| S. Lowe | - | 155,000 | 155,000 |
| G. Cameron-Dow | 300,000 | - | 300,000 |
| J. Puckridge | 300,000 | - | 300,000 |
| **Total** | 600,000 | 155,000 | 755,000 |

All equity transactions with directors and executives have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

### (d) Loans to directors and executives

There are no loans to directors or executives at balance date.

# 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, notes and additional disclosures included in the directors' report designated as audited by the company and of the Company are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Company's and the Company's financial position as at 30 June 2013 and of their performance for the year ended on that date.

      (ii) complying with Accounting Standards 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.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for financial year ended 30 June 2013.

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

Josh Puckridge

**Mr Josh Puckridge**
**Non-Executive Director and Company Secretary**

Dated this 23 day of August 2013

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

**Report on the Financial Report**

We have audited the accompanying financial report of Windward Resources Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

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

*Auditor's Opinion*

In our opinion:

a. the financial report of Windward Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the remuneration report as included in the Directors' Report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the remuneration report of Windward Resources Limited for the year ended 30 June 2013 complies with s 300A of the *Corporations Act 2001*.

Neil Pace

Moore Stephens

**Neil Pace**
**Partner**

**Moore Stephens**
**Chartered Accountants**

Signed at Perth this 23 day of August 2013

## WINDWARD RESOURCES LIMITED
## SHAREHOLDER INFORMATION

The 20 largest registered holders of each class of security as at 20 August 2013 were:

| Rank | Name | Shares held | % |
|---|---|---|---|
| 1 | YANDAL INVESTMENTS PTY LTD | 7,750,000 | 30.46% |
| 2 | FLEMING SG CAPITAL SPECIAL OPPORTUNITIES PTY LTD <FLEM SG CAP SPECIAL OPP FND> | 3,125,000 | 12.28% |
| 3 | FLEMING SG CAPITAL PTY LTD | 600,000 | 2.36% |
| 4 | MR STEPHEN FRANK BELBEN <BELBEN FAMILY A/C> | 300,000 | 1.18% |
| 5 | DHOW NOMINEES PTY LTD <THE DHOW A/C> | 300,000 | 1.18% |
| 6 | JOSH RUSSELL PUCKRIDGE | 300,000 | 1.18% |
| 7 | JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C> | 290,375 | 1.14% |
| 8 | MR ROBERT WARREN ADDISON | 255,000 | 1.00% |
| 9 | JEMAYA PTY LTD <THE FEATHERBY FAMILY A/C> | 250,000 | 0.98% |
| 10 | LAKE SPRINGS PTY LTD <THE LAKE SPRINGS S/F A/C> | 200,000 | 0.79% |
| 11 | SOUTHERN TERRAIN PTY LTD <SOUTHERN TERRAIN A/C> | 200,000 | 0.79% |
| 12 | MR TREVOR CHARLES KIDDIE + MRS HELEN ELIZABETH KIDDIE <TC & HE KIDDIE S/FUND A/C> | 200,000 | 0.79% |
| 13 | MR DENNIS JAMES HAWTIN + MRS ROSEMARY ANNE HAWTIN <KRYPTONITE SUPER FUND A/C> | 180,000 | 0.71% |
| 14 | SPINITE PTY LTD | 175,000 | 0.69% |
| 15 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 165,562 | 0.65% |
| 16 | CHESTER NOMINEES WA PTY LTD <M W WILSON SUPER FUND A/C> | 155,000 | 0.61% |
| 17 | MOROCK (WA) PTY LTD <PROVINS A/C> | 150,000 | 0.59% |
| 18 | ROJUL NOMINEES PTY LTD <RR MARTIN SUPER FUND A/C> | 150,000 | 0.59% |
| 19 | STELLAR SECURITIES PTY LTD | 150,000 | 0.59% |
| 20 | RIVERSTONE CORPORATE PTY LTD <DAVIS TRADING 1 A/C> | 150,000 | 0.59% |
| | | **15,045,937** | **59%** |

| Shares Range | | | Holders | Units | % |
|---|---|---|---|---|---|
| 1 | - | 1,000 | 07 | 832 | 0.00% |
| 1,001 | - | 5,000 | 44 | 151,641 | 0.60% |
| 5,001 | - | 10,000 | 175 | 1,706,260 | 6.71% |
| 10,001 | - | 100,000 | 206 | 7,453,525 | 29.30% |
| 100,001 | - | >100,001 | 29 | 16,130,242 | 63.40% |
| | | | 461 | 25,442,500 | 100.00% |

There were 13 holders of less than a marketable parcel of ordinary shares.

**Listed Options:**

Nil

**Unlisted Options:**

Nil

**Voting Rights**

The voting rights attaching to ordinary shares are:

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Substantial Shareholders**

| | Ordinary Shares | Voting Power |
|---|---|---|
| Yandal Investment Pty Ltd | 7,750,000 | 30.46% |
| Fleming SG Capital Special Opportunities Pty Ltd | 3,125,000 | 12.28% |