

**Windward Resources Limited****Dispatch of Notice of Meeting and Independent Expert Report**

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**CORPORATE DIRECTORY**

**Interim Non-Executive Chairman**  
George Cameron-Dow

**Managing Director & CEO**  
David J Frances

**Non-Executive Directors**  
Stephen Lowe  
Josh Puckridge

**Company Secretary**  
Josh Puckridge

**FAST FACTS**

Issued Capital: 25.4m  
Options on Issue: Nil  
Debt: Nil  
Market Cap: \$6.3 m  
Cash (Q2 2013): \$3.1 m

**COMPANY HIGHLIGHTS**

- Acquisition of 70% interest in +9,000km<sup>2</sup> Fraser Range tenure
- Firm commitments of \$10.96 M
- Experienced management team

**CONTACT DETAILS**

Level 1, 8 Kings Park Road  
West Perth 6005

PO Box 599  
West Perth 6872  
E: [admin@winres.com.au](mailto:admin@winres.com.au)

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

**INVESTOR RELATIONS**

MAGNUS Investor Relations  
John Gardner  
T: +61 413 355 997

**WEBSITE**

[www.winres.com.au](http://www.winres.com.au)

Windward Resources Limited (**Windward**) (**Company**) (ASX: **WIN**) is pleased to announce that it has today dispatched the Notice of Meeting relating to the Company's 2013 Annual General Meeting of Shareholders. The meeting is to begin at 11:00am (WST) on 4 October 2013 at the Holiday Inn Perth, 778-788 Hay Street, Perth, Western Australia.

Included with the Notice of Meeting is an Independent Expert Report, prepared by BDO Corporate Finance (WA) Pty Ltd, which has confirmed the acquisition announced to the Australian Securities Exchange (**ASX**) by the Company on 24 July 2013 (**Transaction**) is fair and reasonable to Shareholders of Windward.

If you have any questions regarding the Notice of Meeting or Transaction please don't hesitate to contact the Company Secretary.

Sincerely,

Josh Puckridge

**Non-Executive Director and Company Secretary**

**T: +61 (8) 9226 0326**

**E: [jpuckridge@winres.com.au](mailto:jpuckridge@winres.com.au)**

**W: [www.winres.com.au](http://www.winres.com.au)**



3 September 2013

## Windward Resources Limited 2013 Annual General Meeting

Dear Shareholder,

I am pleased to present you with Windward Resources Limited's (**Windward** or **Company**) Notice of Meeting for the 2013 Annual General Meeting (**AGM**) of Shareholders to be held on 4 October 2013 at the Holiday Inn, 778-788 Hay St, Perth Western Australia at 11:00am (WST).

At the AGM the Company will seek various shareholder approvals regarding the acquisition of the Fraser Range (North and South) Projects as announced to the Australian Securities Exchange on 24 July 2013 (**Acquisition**).

Included in the envelope is:

**1. Shareholder Proxy Form**

This can be used to lodge votes with the Company ahead of the meeting or to nominate a representative to attend, and vote, on your behalf.

**2. Notice of Meeting**

Details all resolutions being put to shareholders at the AGM and provides an explanatory statement as to why Directors believe shareholders should vote in favor of each resolution.

**3. BDO Corporate Finance Independent Expert's Report (IER)**

This is an independent report **confirming** that the Acquisition is both fair and reasonable to shareholders of the Company not associated with the Creasy Group.

**4. CSA Global Pty Ltd Independent Valuation Report**

This is an independent report **confirming** the preferred value of the Fraser Range (North and South) Projects (as defined in the Notice of Meeting) is A\$7.9m. This report acts as an Annexure 3 to the BDO IER.

To download the Company's 2013 Annual Report to Shareholders please visit: [www.winres.com.au/2013AR](http://www.winres.com.au/2013AR)

Shareholders are urged to read the notice of meeting and accompanying reports in full. Should you have any queries regarding any of the enclosed documents, please contact Josh Puckridge or seek your own professional advice.

Sincerely,

A handwritten signature in black ink that reads "Josh Puckridge".

**Josh Puckridge**  
**Non-Executive Director & Secretary**

**T:** +61 (8) 9226 0326

**E:** [jpuckridge@winres.com.au](mailto:jpuckridge@winres.com.au)

**W:** [www.winres.com.au](http://www.winres.com.au)

**APPOINTMENT OF PROXY  
WINDWARD RESOURCES LIMITED  
ANNUAL GENERAL MEETING  
ACN 158 432 270**

<Shareholder Name>  
<Shareholder Address>  
<Shareholder Address>  
<Shareholder Address>

being a Shareholder entitled to attend and vote at the Meeting, hereby

appoint \_\_\_\_\_  
Name of proxy

OR  the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 11am (WST) on Friday 4 October 2013 at the Holiday Inn, 778-788 Hay St, Perth Western Australia.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Resolutions 1, 3 and 5 please place a mark in the box. By marking this box, you:

- (a) expressly authorise the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company, which may include the Chair; and
- (b) acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1, 3 and 5 and your votes will not be counted in calculating the required majority if a poll is called on the Resolutions 1, 3 and 5.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

<b>Voting on business of the Meeting</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
<b>RESOLUTION 1</b> – REMUNERATION REPORT (NON-BINDING)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOLUTION 2</b> – APPOINTMENT OF AUDITOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOLUTION 3</b> – DIRECTORS' REMUNERATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOLUTION 4</b> - RE-ELECTION OF DIRECTOR - MR JOSH PUCKRIDGE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOLUTION 5</b> - ACQUISITION OF THE FRASER RANGE (NORTH AND SOUTH) PROJECTS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOLUTION 6</b> – ISSUE OF SECURITIES UNDER THE CAPITAL RAISING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOLUTION 7</b> – APPROVAL OF THE WINDWARD INCENTIVE SCHEME	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOLUTION 8</b> – ISSUE OF SECURITIES UNDER THE WINDWARD INCENTIVE SCHEME TO MR DAVID FRANCES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOLUTION 9</b> – APPROVAL OF 10% PLACEMENT FACILITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

**Signature of Shareholder(s):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Individual or Shareholder 1**

**Shareholder 2**

**Shareholder 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

## Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return **no later than 11am (WST) Wednesday 2 October 2013**, by:
  - (a) post to **Windward Resources Limited, GPO Box 2575, Perth, WA, 6001**; or
  - (b) facsimile to the Company on facsimile number **+61 8 9226 0327**; or
  - (c) email to the Company Secretary at **[jpuckridge@winres.com.au](mailto:jpuckridge@winres.com.au)**,so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**



## Notice of Annual General Meeting

The Annual General Meeting of Windward Resources Ltd (ABN 38 158 432 270) will be held at the Holiday Inn Hotel (778-788 Hay St, Perth, WA) on 4 October 2013 at 11am (WST).

This notice of annual general meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Shareholders should carefully consider the Independent Expert's Report, which accompanies this Notice, prepared by BDO for the purposes of the Shareholder approval required under section 611 (item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the Acquisition to the non-associated Shareholders of the Company. BDO has determined that the Acquisition is fair and reasonable to the non-associated Shareholders of the Company.

Please contact the Company Secretary on (08) 9226 0326 if you wish to discuss any matter concerning the Meeting.

Windward Resources Ltd  
ABN 38 158 432 270

## Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of the Shareholders of Windward Resources Ltd will be held at the Holiday Inn Hotel (778-788 Hay St, Perth, WA) on 4 October 2013 at 11am (Western Standard Time) (Meeting).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 11am (WST) on 2 October 2013.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

## Agenda

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1 ANNUAL REPORT

To receive and consider the financial statements of the Company and the reports of the Directors and Auditors for the financial year ending 30 June 2013.

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2 RESOLUTION 1 - REMUNERATION REPORT (NON-BINDING)

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, Shareholders adopt the Remuneration Report set out in the Directors' Report for the year ending 30 June 2013."*

A voting prohibition statement is set out below.

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3 RESOLUTION 2 - APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

*"That, for the purpose of Section 327B of the Corporations Act and for all other purposes, Moore Stephens Perth, being qualified to act as auditor of the Company*

*and having been nominated by a Shareholder and consenting in writing to act in the capacity of auditor, be appointed as an auditor of the Company and that the Directors be authorised to agree to auditor remuneration."*

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4 RESOLUTION 3 - DIRECTORS' REMUNERATION

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*"That for the purposes of clause 12.9 of the Constitution and for all other purposes, the yearly amount of remuneration paid to Directors is set at \$300,000."*

A voting exclusion statement is set out below.

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5 RESOLUTION 4 - RE-ELECTION OF DIRECTOR - MR JOSH PUCKRIDGE

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*"That Mr Josh Puckridge, who holds office until the conclusion of this Meeting, who in accordance with the Constitution offers himself for election, be elected as a Director."*

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6 RESOLUTION 5 - ACQUISITION OF THE FRASER RANGE (NORTH AND SOUTH) PROJECTS

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*"That, subject to Shareholders approving Resolution 6, for the purposes of Listing Rules 10.1 and 10.11, section 611 (item 7) of the Corporations Act and for all other purposes, Shareholder approval is given for the Acquisition by the Company acquiring all of the Fraser Range (North and South) Projects as outlined in the Explanatory Memorandum in consideration for:*

- (a) the issue of 18,772,031 Shares to the Creasy Group;*
- (b) reimbursements of historical exploration expenses of \$2.8m plus expenses incurred between 23 April 2013 and completion (to a maximum of \$300,000); and*
- (c) a 30% retained free carry interest in the Fraser Range (North and South) Projects up to any bankable feasibility study,*

*and for the Creasy Group to acquire a relevant interest in 18,772,031 Shares on the terms set out in the Explanatory Memorandum, and that the Board (or a duly constituted committee of the Board) be and is authorised to waive, amend, vary or extend any of the terms and conditions of the Acquisition (but not to a material*

extent) and to do all such things as it may consider necessary or desirable in connection with the Acquisition.”

Shareholders should carefully consider the Independent Expert’s Report prepared by BDO for the purposes of the Shareholder approval required under section 611 (item 7) of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the Acquisition to the non-associated Shareholders of the Company. The Independent Expert Report has determined that the Acquisition is fair and reasonable to the non-associated Shareholders of the Company.

A voting exclusion statement is set out below.

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7 RESOLUTION 6 - ISSUE OF SECURITIES UNDER THE CAPITAL RAISING

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That, subject to Shareholders approving Resolution 5, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholder approval is given for the Company to issue up to 43,842,500 Shares at an issue price of \$0.25 each to sophisticated and professional investors on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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8 RESOLUTION 7 - APPROVAL OF THE WINDWARD INCENTIVE SCHEME

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That, for the purpose of Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders approve the Windward Incentive Scheme on the terms and conditions set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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9 RESOLUTION 8 - ISSUE OF SECURITIES UNDER THE WINDWARD INCENTIVE SCHEME TO MR DAVID FRANCES

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That, subject to Shareholders approving Resolution 7, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve for the grant of 2,400,000 Options to Mr David Frances under the Windward Incentive Scheme on the terms and conditions set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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10 RESOLUTION 9 - APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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11 VOTING PROHIBITION AND EXCLUSION STATEMENTS

Under Listing Rule 14.11 and the Corporations Act, the Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution	Persons excluded from voting
Resolution 1 - Remuneration Report (Non-Binding)	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of the following persons:</p> <ul style="list-style-type: none"><li>(a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or</li><li>(b) a closely related party of such member.</li></ul> <p>However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"><li>(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or</li><li>(b) the voter is the chair of the meeting and the appointment of the chair as proxy:<ul style="list-style-type: none"><li>(i) does not specify the way the proxy is to vote on this Resolution; and</li><li>(ii) expressly authorises the chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.</li></ul></li></ul>

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Resolution 3 - Directors' remuneration	The Directors of the Company and any associate of those persons.
Resolution 5 - Acquisition of the Fraser Range (North and South) Project	<p>A party to the transaction and any associate of that person.</p> <p>A person who is to receive securities in relation to the entity and any associate of that person.</p> <p>The persons proposing to make the acquisition (the Creasy Group) and their associates and the persons from who the acquisition is to be made and their associates.</p>
Resolution 6 - Issue of Securities	Persons who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary Securities, if the Resolution is passed, and any associate of that person.
Resolution 7 - Approval of the Windward Incentive Scheme	A director of the entity (except one who is ineligible to participate in any employee incentive scheme in relation to the entity) and any associate of that person.
Resolution 8 - Issue of Securities to Mr David Frances	A director of the entity (except one who is ineligible to participate in any employee incentive scheme in relation to the entity) and any associate of that person.
Resolution 9 - Approval of 10% Placement Facility	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associate of that person.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- (c) with respect to Resolutions 5, where the vote is cast as a directed proxy for a non-related party or associate.

By order of the Board of Directors

A handwritten signature in black ink, appearing to read 'Josh Puckridge'. The signature is stylized with a large, looped 'J' and 'P'.

Josh Puckridge  
Director and Company Secretary  
Windward Resources Ltd  
30 August 2013

Windward Resources Ltd  
ABN 38 158 432 270

## Explanatory Memorandum

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### 1 INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Holiday Inn Hotel (778-788 Hay St, Perth, WA) on 4 October 2013 at 11am (WST). The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of Explanatory Memorandum.

Please contact the Company Secretary on +61 8 9226 0326 or [jpuckridge@winres.com.au](mailto:jpuckridge@winres.com.au) if you wish to discuss any matter concerning the Meeting.

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### 2 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

## 2.1 Proxies

All Shareholders are invited and encouraged to attend the Meeting. If a Shareholder is unable to attend in person, they can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form. The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 11am (WST) on 2 October 2013. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

By Mail	GPO PO Box 2575, Perth 6001
By Facsimile	(618) 9226 0327
By Hand	Level 9, 105 St Georges Terrace, Perth WA 6000
By Email	<a href="mailto:jpuckridge@winres.com.au">jpuckridge@winres.com.au</a>

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

## 2.2 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry ([www.advancedshare.com.au](http://www.advancedshare.com.au)).

## 2.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 11am (WST) on 2 October 2013.

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## 3 ANNUAL REPORT

The Company's Annual Report is available from its website, [www.windwardresources.com.au](http://www.windwardresources.com.au) or [www.asx.com.au](http://www.asx.com.au). The Company will only provide a hard copy to Shareholders upon request.

Section 250R of the Corporations Act provides that the business of an annual general meeting will include the consideration of the annual financial report, directors' report and auditors' report. There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the opportunity at the Meeting to:

- (a) discuss the Annual Report for the financial year ended 30 June 2013;
- (b) ask questions about or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

The chair of the Meeting will allow reasonable opportunity for the Shareholders as a whole at the Meeting to ask the auditor or the auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor about:

- (a) the content of the auditor's report to be considered at the Meeting; and
- (b) the conduct of the audit of the annual financial report to be considered at the Meeting,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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#### 4 RESOLUTION 1 - REMUNERATION REPORT

The Remuneration Report is in the Directors' Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2013.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution that a further meeting is held at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

Voting on Resolution 1 will be determined by a poll at the Meeting rather than a show of hands.

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5 RESOLUTION 2 - APPOINTMENT OF AUDITOR

Moore Stephens Perth has been appointed as auditor of the Company by the Directors. Section 327B(1) of the Corporations Act provides that Moore Stephens Perth holds office until the Company's first Annual General Meeting as a publicly listed company, at which time the Company must obtain the approval of Shareholders to the appointment of the auditor.

In accordance with Section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for Moore Stephens Perth to be appointed as the Company's auditor. A copy of this nomination is enclosed with this Notice of Meeting as annexure A.

The Directors are now seeking Shareholder confirmation of Moore Stephens Perth appointment as auditor.

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6 RESOLUTION 3 - DIRECTORS' REMUNERATION

The Company's Constitution provides that the Directors are to be remunerated for their services as Directors, excluding as an executive Director, for an amount not exceeding the sum from time to time determined by the Company in general meeting.

As the Meeting is the Company's first meeting of Shareholders, Shareholder approval is sought to set the total annual remuneration to be paid to Directors (other than as an executive Director) at \$300,000.

The Directors consider the proposed limit of \$300,000 to be reasonable remuneration, given the circumstances of the Company and Directors, so that

Shareholder approval is not required for the purposes of Chapter 2E of the Corporations Act.

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7 RESOLUTION 4 - RE-ELECTION OF MR JOSH PUCKRIDGE AS A DIRECTOR

Messrs Stephen Lowe, George Cameron Dow and Josh Puckridge were appointed as Directors upon the Company's incorporation on 18 May 2012. The Board appointed Mr David Francis as managing director on 28 June 2013, with effect from 1 July 2013.

The Company's Constitution requires that there must be an election of Directors at each annual general meeting, which can be satisfied by (amongst other things) the longest serving Director standing for re-election. Where 2 or more Directors were appointed at the same time, then in default of agreement, the Director to retire will be determined by ballot.

By a ballot, the Board has determined that Mr Puckridge retires from office at this Meeting and offers himself for re-election.

Details of Mr Puckridge's qualifications, experience and remuneration are set out in the Company's 2013 Annual Report.

The Board (excluding Mr Puckridge) recommends that Shareholders vote in favour of Resolution 4.

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8 RESOLUTION 5 - ACQUISITION OF THE FRASER RANGE (NORTH AND SOUTH) PROJECTS

8.1 Introduction

On 24 July 2013 the Company announced that it had:

- (a) entered into a binding term sheet (*Term Sheet*) with entities controlled by Mark Creasy (*Creasy Group*) to acquire a 70% interest in an extensive package of highly prospective exploration tenements in Western Australia's Fraser Range Region (*Fraser Range (North and South) Projects (Acquisition)*); and
- (b) received firm letters of commitments to raise \$10,960,625 through the issue of 43,842,500 Shares at \$0.25 per Share to certain sophisticated and professional investors, including clients of Trident Capital (*Capital Raising*).

8.2 Terms of the Acquisition

The consideration for the Acquisition to be paid to the Creasy Group is the issue of 18,772,031 Shares, reimbursements of historical exploration expenses of \$2.8m plus expenses incurred between 23 April 2013 and completion (to a maximum of

\$300,000), and a 30% retained free carry interest in the Fraser Range (North and South) Projects up to any bankable feasibility study.

The Acquisition is conditional upon the following being satisfied or waived by 31 October 2013:

- (a) completion of due diligence by Windward to its sole satisfaction;
- (b) Ministerial consent to the sale, as required under the *Mining Act 1978* (WA);
- (c) Shareholders approving all required resolutions for the transaction and Capital Raising, including the issue of the Consideration Shares and the acquisition by the Creasy Group and their associates of the Consideration Shares;
- (d) an independent expert opinion confirming that the transaction is fair and reasonable to non-associated Shareholders;
- (e) the Company receiving valid applications of a minimum of \$5,000,000 under the Capital Raising (as noted in section 8.1 above, the Company has received firm commitments to raise \$10.96m); and
- (f) all necessary waivers and consents under any third party agreements being obtained.

Upon completion of the Acquisition, the parties will establish the Fraser Range Joint Venture (*Joint Venture*) to explore for minerals on the Tenements with a view to identifying a commercially mineable resource. Windward will hold a 70% interest and the Creasy Group will hold a 30% interest, free carried until a decision to commence mining is made. The material terms of the Joint Venture are as follows:

- (a) (Joint Venture) Windward will be appointed the manager of the Joint Venture and will be responsible for maintaining title to the Tenements in good standing. Joint Venture property will be owned by the parties as tenants in common in proportion to their respective percentage interests and includes:
  - (i) the Tenements;
  - (ii) the rights to all minerals;
  - (iii) the mining information;
  - (iv) all fixtures, machinery, equipment and supplies acquired after the formation of the Joint Venture for the account of the Joint Venture; and
  - (v) any other property or rights of any description whether real or personal acquired after the formation of the Joint Venture for the Joint Venture.
- (b) (Mining Venture Agreement) Following a decision of the parties to conduct mining operations, the parties will enter into a mining venture agreement.

- (c) (Prospector Rights) Mark Creasy and his nominees will retain prospector rights being the right to fossick, prospect or mine for alluvial and elluvial gold, platinum group metals, or other minerals on the Tenements by using a metal detector, handheld implement or mechanised equipment.
- (d) (Minimum Percentage Interest) No party may assign part of their interest if the result would leave them with less than 10% of an interest in the Joint Venture.
- (e) (Dilution and Royalty) Once mining has commenced, if a party elects or is deemed to have elected to dilute its interest below 5% that party will have its interest converted into a 2% net smelter royalty.

### 8.3 Capital Raising

The letters of commitment are conditional on completion of the Term Sheet, and no material adverse change to the Fraser Range (North and South) Projects prior to completion (no later than 31 October 2013).

### 8.4 Requirement for Shareholder approval

Yandal Investments Pty Limited, a member of the Creasy Group, currently holds 7,750,000 Shares (equal to 30.46% of the Company's issued Shares) and has appointed Mr Lowe as its nominee on the Board. As a result, the Creasy Group are persons to whom Listing Rule 10.1 applies. Furthermore, the Acquisition and Capital Raising will result in the Creasy Group's voting power in the Company increasing from 30.46% up to 41.30% (assuming the minimum of \$5m is raised under the Capital Raising).

Under the Corporations Act and Listing Rules, the Acquisition and increase in voting power are transactions that require Shareholder approval. The specific requirements are as follows:

#### (a) Listing Rule 10.1

Listing Rule 10.1 provides that an entity must not acquire a substantial asset from either a related party or a substantial shareholder who, together with their associates have a relevant interest in 10% of an entity's voting shares, without shareholder approval.

Listing Rule 10.10 requires a notice of meeting seeking shareholder approval under Listing Rule 10.1 to include a report on the transaction from an independent expert, and which states the expert's opinion on whether the transaction is fair and reasonable for shareholders who may vote on the transaction.

#### (b) Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party or a person whose relationship with the entity is, in ASX's opinion, such that

approval ought to be obtained. If shareholder approval is obtained under Listing Rule 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in 15% annual limit permitted by Listing Rule 7.1.

(c) Section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's voting power in the company increases to more than 20%, unless an exception applies. Members of the Creasy Group are associates. Under the Acquisition, their voting power in the Company will increase from 30.46% to a maximum of 41.30% (assuming a minimum of \$5m is raised under the Capital Raising).

Section 611 of the Corporations Act sets out certain exceptions to the general prohibition and permits an increase in voting power over 20%, including if a company's shareholders approve the acquisition of shares which results in the increased voting power.

Under the Corporations Act a person's voting power in a company is the total of the votes attaching to the shares in that company in which that person, or that person's associates (within the meaning of the Corporations Act) have a relevant interest.

Section 611 of the Corporations Act and ASIC Regulatory Guide 74: *Acquisitions Approved by Members* set out the information to be given to shareholders in seeking approval under section 611 of the Corporations Act.

Although Creasy Group's voting power in the Company is 30.46% and it has appointed Mr Stephen Lowe as its nominee to the Board, it is not a related party for the purposes of Chapter 2E of the Corporations Act. Nevertheless and as a matter of good corporate governance, the Independent Directors have asked the Independent Expert to opine on whether the terms of the Acquisition are reasonable in the circumstances as if the Creasy Group and the Company were dealing at arm's length (as that concept is used in section 210 of the Corporations Act).

The information required for the purposes of section 611 of the Corporations Act and Listing Rule 10.11 are set out in sections 8.13 to 8.15 below.

## 8.5 Independent Expert's Report

The Directors have retained BDO to prepare an independent expert's report on the fairness and reasonableness of the Acquisition. BDO has opined that the Acquisition is fair and reasonable to non-associated Shareholders, for the following reasons:

- (a) The preferred value of the consideration to be paid to the Creasy Group (\$6.81m) is less than the preferred value of the Fraser Range (North and South) Projects (\$7.9m) so that the Acquisition is fair for Shareholders.
- (b) The preferred value of the Shares to be issued to the Creasy Group (\$3.8m) is less than the preferred value of the Fraser Range (North and South) Projects attributable to the Consideration Shares (\$4.9m) so that Creasy Group's potential increase in voting power as a result of the Acquisition is fair for Shareholders.
- (c) The advantages of the Acquisition outweigh the disadvantages of the Acquisition.

The Independent Expert has also opined that the Acquisition is on arm's length terms as that concept is used in section 210 of the Corporations Act.

A copy of the Independent Expert's Report (including a valuation report prepared by CSA Global in accordance with the VALMIN code) accompanies this Explanatory Memorandum.

#### 8.6 Pro forma balance sheet

An unaudited pro forma balance sheet of the Company following completion of the Acquisition is set out in annexure C of this Explanatory Memorandum.

#### 8.7 Pro forma capital structure

The current and proposed capital structure following the Acquisition and Capital Raising is as follows:

	Current		Post Acquisition (raising \$5m)		Post Acquisition (raising \$10.96m)	
	Number of shares	%	Number of shares	%	Number of shares	%
Current shareholders <sup>1</sup>	17,692,500	69.54	17,692,500	27.55	17,692,500	20.17
Creasy Group	7,750,000	30.46	26,522,031	41.30	26,522,031	30.24
Capital raising			20,000,000	31.15	43,842,500	49.58
Total	25,442,500	100	64,214,531	100	88,057,031	100

<sup>1</sup> Excluding the Creasy Group

#### 8.8 Risks

The Acquisition is not risk free. Before deciding whether to approve the Acquisition, Shareholders should read the entire Notice and Explanatory

Memorandum and consider at least the risk factors set out in annexure D in light of their personal circumstances and investment objectives (including financial and taxation issues).

The Directors regard the risks set out in annexure D as the major risks associated with the Acquisition. This list is not intended to be an exhaustive list of the risk factors the Company and Shareholders are exposed to as a result of the Acquisition. Shareholders should if necessary seek professional advice from their accountant, stockbroker, lawyer or other professional adviser.

#### 8.9 Advantages and disadvantages of the Acquisition

The Independent Directors consider that the key advantages to the Company of the Acquisition are as follows:

- (a) The Fraser Range (North and South) Projects represent 9,000km<sup>2</sup> of underexplored Albany Fraser terrane; representing one of the largest land holdings of any publicly listed company in the region. The Acquisition will give the Company access to a significant ground holding to explore for commercially viable deposits of gold, base metals and heavy mineral sands.
- (b) The Acquisition has supported the raising of approximately \$10.96m, which will allow the Company to undertake a significant exploration program on the Fraser Range (North and South) Projects.
- (c) The Fraser Range (North and South) Projects have been subject to a greater degree of exploration by the Creasy Group. The report valuation report prepared by CSA Global details the extent of previous exploration in the project area.
- (d) Exploration licence E69/2989 adjoins and is within 2km of Siris Resources NL's Nova nick/copper resource. Exploration licence E28/2017 is directly along strike from Nova. Exploration tenements E29/1713 and 1715 contain the drill-ready 10m long "Brookman" gold anomaly, which is along strike from the Tropicana Belt.
- (e) Based upon the Independent Expert's Report and the Company's Share price following the announcement of the Acquisition, the Independent Directors believe the consideration agreed for the Acquisition is at a discount to the value of the Fraser Range (North and South) Projects. On the day of announcement (on 24 July 2013) Windward's Share price opened at \$0.32 and traded 774,397 Shares between \$0.32 and \$0.275 resulting in a volume weighted average price (VWAP) of \$0.2992 for the day. Since the announcement to 15 August 2013, Windward Shares have traded between \$0.275 and \$0.34 with a VWAP of \$0.3094 per Share for the period.
- (f) The Independent Expert has opined that the Acquisition is on terms that are reasonable in the circumstances as if the Company and Creasy Group were dealing at arm's length as that concept is used in section 210 of the Corporations Act.

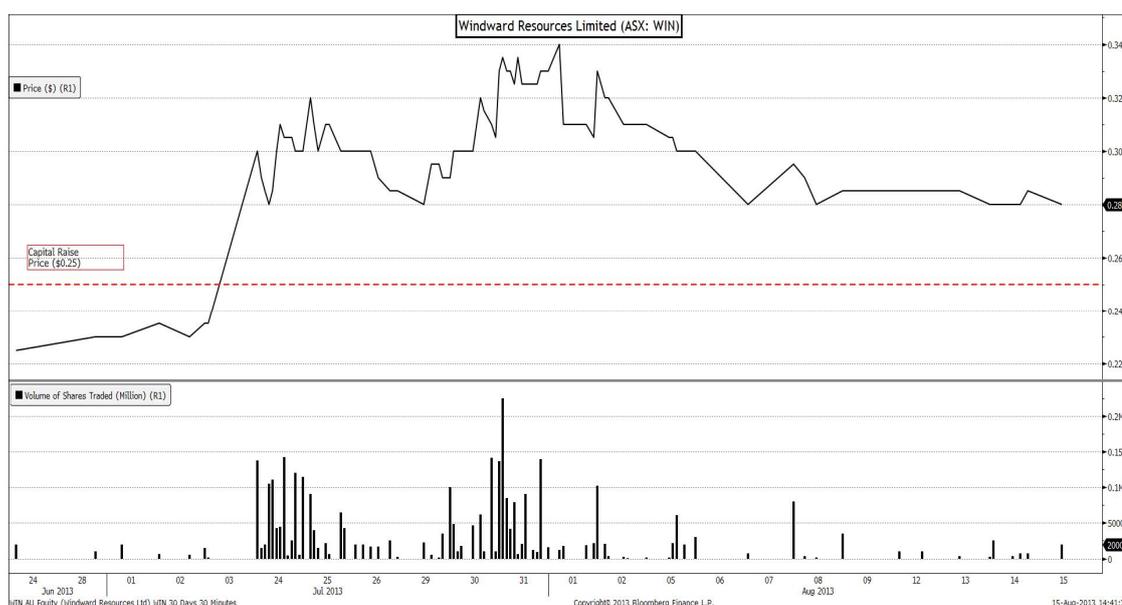
The Independent Directors also consider other factors to be relevant to assessing the Acquisition:

(a) Market reaction post the announcement of the Proposed Transaction

The Company announced it had secured acquisition terms with the Creasy Group and had received letters of firm commitment to raise \$10.96 million at \$0.25 per Share on 24 July 2013 (*Announcement*). The Announcement included all commercial terms, with reasonable expense estimates, pertaining to the Acquisition and concurrent capital raise.

The Company gave clear guidance to the likely post transaction capital structure of 88,057,031 Shares on issue with no debt and \$9.6 million cash at bank. This gave the market all required information to accurately value the Company's equity, thus better determining the prevailing Share price.

The market has supported the implied valuation of the Acquisition by the relative increase in price and volume of the Shares traded on ASX in Windward since the Announcement. On the day of announcement Windward's Share price opened at \$0.32 and traded 774,397 Shares between \$0.32 and \$0.275 resulting in a Volume Weighted Average Price (VWAP) of \$0.2992 for the day.



Windward's ASX share price and volume traded between 24 July and 15 August 2013

Since the Announcement, to 15 August 2013, Windward's Shares have traded between \$0.275 and \$0.34 with a VWAP of \$0.3094 per Share for the period.

The market reaction has been favourable to the value of equity in Windward. Using the VWAP for the period it could be interpreted that the market has valued the assets being acquired at approximately \$8.8 million, as follows:

Scrip:	\$5,808,066 (18,772,031 × \$0.3094)
Reimbursements:	\$3,000,000 (Cash)
Total:	\$8,808,066

Using the capital raise price of \$0.25 per Share, which the Company struck to attract new capital to fund the Acquisition, an acquisition value of \$7,693,007 for the Fraser Range (North and South) Projects is implied. The market has implied, on average for the period, that the Company acquired the Fraser Range (North and South) Projects below market value and repriced the Company's equity accordingly.

The Independent Directors consider that this is an important factor in understanding the economics of the Acquisition for current Shareholders. The market is taking the position that the Company has struck compelling acquisition terms for its shareholders and that the Acquisition is commercially in the best interests of the Company.

(b) Alternatives to funding Acquisition

The Company has given continual guidance to the market as to its intention to create value for Shareholders via the acquisition of additional exploration projects.

At 30 June 2013, the Company held \$3,066,707 cash at bank with 25,442,500 Shares on issue, no options on issue and no debt. This relatively tight capital structure and cash position left the Company in a position where a new acquisition would need to be assessed in conjunction with a funding requirement, for both the initial acquisition and exploration of the new acquisition.

Given the Company's relative size and cash position, there are few sustainable funding options available to Windward other than an equity capital raise for the issue of new Shares in the Company. Debt funding for exploration projects is often not available and, where available, servicing debt becomes problematic as the operations of an exploration project produce no operating revenues.

For the Company to fulfill the objectives put to Shareholders, the issue of 62,614,531 new Shares presents itself as one of the few, and most sustainable, options to complete the Acquisition and increase in cash requirements.

The Independent Directors consider that the key disadvantages to the Company of the Acquisition are as follows.

- (a) The Fraser Range (North and South) Projects are early stage exploration projects with no known JORC compliant resources, and there is no certainty

that exploration on the projects by the Company will result in the discovery of economic viable mineral deposits.

- (b) The minimum annual exploration expenditure commitments for the Fraser Range (North and South) Projects are in excess of \$3.5m per annum, a significant amount for an entity of the Company's relative size.
- (c) There are many risks associated with a change in scale of the Company's activities, including significant additional annual exploration expenditure. Further information on the risks associated with the Acquisition are set out in annexure D.
- (d) Opportunity costs associated with the Company being offered a more attractive acquisition by not acquiring the Fraser Range (North and South) Projects.
- (e) The issue of the Shares under the Acquisition and Capital Raising will result in existing Shareholders (other than the Creasy Group) being diluted from 69.54% to a minimum of 58.70% on the assumption that only the minimum subscription under the Capital Raising is reached.
- (f) The Company will incur one-off transaction costs of approximately \$4.4m, including the reimbursement of historical exploration costs, fundraising costs, duty and legal and other costs), as a result of the Acquisition.

#### 8.10 Directors' interests in Shares

As at the date of this Explanatory Memorandum, the Directors had the following direct and indirect interests in Shares:

Director	Number of Shares
David Frances	Nil
George Cameron-Dow	900,000
Stephen Lowe	155,000
Josh Puckridge	300,000

Any subsequent acquisitions or disposals by Directors will be announced to the ASX in accordance with legal requirements.

#### 8.11 Plans for the Company if the Resolutions are not passed

If Resolutions 5 and 6 are not passed, the Acquisition and Capital Raising will not complete and the Company will continue to:

- (a) consider raising additional capital to fund its exploration activities and for general working capital;
- (b) advance exploration work on its current tenements; and

- (c) actively pursue the acquisition of and/or participation in additional resource projects.

#### 8.12 Directors' recommendation

For the reasons set out above, the Independent Directors recommend that Shareholders approve the Acquisition and vote in favour of the Resolutions.

The Independent Directors intent to vote Shares they have a relevant interest in favour of all Resolutions.

#### 8.13 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

- (a) The securities will be issued to NBX Pty Limited ACN 140 719 491, Ponton Minerals Pty Limited ACN 108 313 024 Lake Rivers Gold Pty Limited ACN 122 986 681 and Great Southern Gold Pty Limited ACN 123 821 545 and Mark Creasy, each members of the Creasy Group and associates. The relationship between the Creasy Group and Mr Lowe is set out in section 8.4 above.
- (b) The number of securities to be issued is 18,772,031 Shares.
- (c) The securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (d) The securities will be issued in part consideration for the acquisition of a 70% interest in the Fraser Range (North and South) Projects, and no funds will be raised from the issue. The terms of the issue are set out in section 8.2 above.
- (e) A voting exclusion statement is included in the Notice.

#### 8.14 Information require item 7 of section 611 of the Corporations Act

For the purposes of item 7 of section 611 of the Corporations Act, the following information is provided with respect to Resolution 4:

- (a) The identity of the person proposing to make the acquisition and their associates  
NBX Pty Limited ACN 140 719 491, Ponton Minerals Pty Limited ACN 108 313 024 Lake Rivers Gold Pty Limited ACN 122 986 681 and Great Southern Gold Pty Limited ACN 123 821 545, each entities controlled by Mark Creasy.
- (b) The maximum extent of the increase in that person's voting power in the company that would result from the acquisition  
The Creasy Group currently have 30.46% of the voting power in the Company. The maximum extent to which the voting power of the Creasy

Group may increase to is 41.30% (in the event that the minimum of \$5m is raised under the Capital Raising).

- (c) The voting power that person would have as a result of the acquisition  
After completion of the Acquisition the maximum voting power in the Company to be held by the Creasy Group will be 41.30% (assuming \$5m is raised under the Capital Raising).
- (d) The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition  
An increase from 30.46% to up to 41.30% (assuming \$5m is raised under the Capital Raising).
- (e) The voting power that each of that person's associates would have as a result of the acquisition  
Up to 41.30% (assuming \$5m is raised under the Capital Raising).

#### 8.15 Information required by ASIC RG 74

For the purposes of ASIC Regulatory Guide 74 *Acquisitions Approved by Members*, the following information is provided:

- (a) An explanation of the reasons for any proposed issue  
The Shares will be issued as part consideration for the transfer of the Fraser Range (North and South) Projects.
- (b) When the issue is to be made or the purchase is to be completed  
If Shareholders approve Resolution 5 and the remaining conditions to completion are waived or satisfied by 31 October 2013, the Shares will be issued at completion, which is expected to occur shortly after the Meeting and by no later than 1 month after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The material terms of the Acquisition  
The material terms of the Acquisition are set out in section 8.2 above.
- (d) Details of the terms of any other relevant agreement between the acquirer and the vendor (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition  
The Company is a party to an earn-in and joint venture agreement with NBX Pty Limited, a member of the Creasy Group, with respect to a 70% interest tenements E70/4083 and E70/4085. Details of the agreement are set out in the Company's prospectus dated 15 October 2012.
- (e) The identity of the subscriber or purchaser and any person who will have a relevant interest in the shares to be issued or purchased dependent on members  
NBX Pty Limited ACN 140 719 491, Ponton Minerals Pty Limited ACN 108 313 024 Lake Rivers Gold Pty Limited ACN 122 986 681 and Great Southern Gold Pty Limited ACN 123 821 545, each entities controlled by Mark Creasy.

- (f) Full particulars (including the number and the percentage) of the shares in the company to which the subscriber or purchaser is or will be entitled immediately before and after the proposed acquisition

Details are set out in section 8.7 above.

- (g) The identity, associations (with the subscriber, purchaser or vendor and with any of their associates) and qualifications of any person who it is intended will become a director if the Shareholders agree to the issue or purchase

No additional directors are proposed to be appointed as a result of the Acquisition.

- (h) A statement of the acquirer's intentions regarding the future of the company if Shareholders agree to the acquisition, and in particular, any intention to change the business of the company; any intention to inject further capital into the company, the future employment of the present employees of the company; any proposal whereby any property will be transferred between the company and the acquirer or, vendor or their associates and any intention to otherwise redeploy the fixed assets of the company

Other than as disclosed in this Explanatory Memorandum, the Creasy Group currently has no intention to:

- (i) change the Company's ongoing business and operations or undertake any further capital raisings;
  - (ii) change the current employment structure of the Company;
  - (iii) transfer any property between the Company and the Creasy Group or any person associated with the Creasy Group; or
  - (iv) re-deploy the fixed assets of the Company.
- (i) Any intention of the acquirer to change significantly the financial or dividend policies of the company

Any future determination as to the financial or dividend policies of the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors.

The Creasy Group do not intend to significantly change the financial or dividend policies of the Company.

- (j) The interests of the Directors in the Resolution

The Directors' interests in Shares are set out in section 8.10 of this Explanatory Memorandum.

SG Corporate Pty Ltd, an entity of which Mr George Cameron Dow is a director and shareholder will be entitled to be paid a corporate advisory fee by the Company of \$150,000 in the event the Acquisition completes. The Company's other Directors have determined that this fee is reasonable in

the circumstances as if the Company and SG Corporate Pty Ltd were dealing on arm's length terms.

- (k) Particulars of the terms of the proposed issue or purchase and any other contract or proposed contract between the subscriber and the company or vendor or any of their associates which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the issue or purchase

The terms of the Acquisition is summarised in section 8.2.

- (l) The identity of the Directors who approved or voted against the proposal to put the Resolution to Shareholders and the relevant information memorandum

All of the Independent Directors voted to put this Resolution and the information contained in the Notice of Meeting and this Explanatory Memorandum to Shareholders.

- (m) The recommendation or otherwise of each director as to whether the non-associated Shareholders should agree to the acquisition, and the reasons for that recommendation or otherwise

The Directors' recommendations and reasons are set out in section 8.12 of this Explanatory Memorandum.

- (n) An analysis of whether the proposal is fair and reasonable when considered in the context of the interests of the Shareholders other than those involved in the proposed issue or purchase or associated with such persons

In accordance with ASIC Regulatory Guide 74, the Directors commissioned BDO to prepare the Independent Expert's Report which assesses whether the Acquisition is fair and reasonable to Shareholders who are not associated with the Acquisition. The report accompanies this Explanatory Memorandum. The Independent Expert's Report has concluded that the Acquisition is fair and reasonable to Shareholders who are not associated with the Acquisition.

Neither the Company nor the Directors are aware of any additional information not set out in this Explanatory Memorandum that would be relevant to Shareholders in deciding how to vote on the Resolution.

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## 9 RESOLUTION 6 - ISSUE OF SECURITIES UNDER THE CAPITAL RAISING

### 9.1 Introduction

Resolution 6 seeks Shareholder approval to issue up to 43,842,500 Shares under the Capital Raising.

Listing Rule 7.1 limits the number of securities a company can issue in a 12 month period to 15% of its issued share capital, except for certain issues, including where first approved by Shareholders. The effect of passing Resolution 7 will be to allow the Directors to issue securities in accordance with the Resolution without those securities being included in the 15% limit.

## 9.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) The maximum number of securities to be issued is 43,842,500 Shares.
- (b) The securities will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (c) The issue price of the securities is \$0.25 per Share.
- (d) The securities will be issued to clients of Trident Capital and certain other individuals, each of whom are sophisticated investors.
- (e) The securities to be issued are fully paid ordinary shares in the capital of the Company.
- (f) Funds raised will be used to complete the Acquisition, undertake exploration on the Fraser Range (North and South) Projects, and for general working capital.
- (g) A voting exclusion statement is included in the Notice.

## 9.3 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6. This will allow the Company to issue securities and raise funds to complete the Acquisition whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

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## 10 RESOLUTION 7 - APPROVAL OF THE WINDWARD INCENTIVE SCHEME

### 10.1 Introduction

The Board has established the Windward Incentive Scheme to provide Directors, consultants and employees with an opportunity to participate in the Company's future growth and give them incentive to contribute to that growth.

The Directors consider the scheme will enable the Company to attract and retain skilled and experienced Directors, consultants and employees, and provide them with the motivation to make the Company more successful.

A copy of the Windward Incentive Scheme will be made available for inspection at the Meeting. A summary of the Windward Incentive Scheme is set out in annexure E.

### 10.2 Requirement for Shareholder approval

Shareholder approval is not required under the Corporations Act or the ASX Listing Rules for the establishment or operation of the Windward Incentive Scheme.

However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the 15% limit imposed by ASX Listing Rule 7.1 on the number of securities that may be issued without shareholder approval. ASX Listing Rule 7.2 exception 9(b) provides that ASX Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders and the issue of securities is within 3 years from the date of shareholder approval of the issue of securities under the employee incentive scheme.

If an offer is made to a Director to participate in the Windward Incentive Scheme then separate Shareholder approval will need to be obtained prior to securities being issued to Directors under the Windward Incentive Scheme.

### 10.3 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7. It will allow the Company to issue securities for the benefit of participants of the Windward Incentive Scheme whilst preserving the Company's 15% limit of issuing securities and provide flexibility in the manner in which the Windward Incentive Scheme is managed.

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## 11 RESOLUTION 8 - ISSUE OF SECURITIES UNDER THE WINDWARD INCENTIVE SCHEME TO RELATED PARTIES

### 11.1 Introduction

As announced on 28 June 2013, the Company has appointed Mr Frances as the Company's managing director. Mr Frances' total annual fixed remuneration (TFR) is \$275,000 (inclusive of compulsory superannuation). Mr Frances will also be entitled to:

- (a) a cash bonus equal to one year's TFR upon 3 years' service or the Company announcing a JORC Code compliant inferred resource of 250,000 ounces of gold or economic equivalent; and
- (b) 2,400,000 Options, consisting of the following:

Tranche	Number	Exercise Price (\$)	Exercise period	Milestone to vesting
First	400,000	0.25	3 years	6 months of continual service
Second	500,000	0.40	3 Years	12 months of continual service
Third	500,000	0.40	5 years	Exercise of first tranche Options
Fourth	500,000	0.60	5 years	Exercise of second tranche Options

Tranche	Number	Exercise Price (\$)	Exercise period	Milestone to vesting
Fifth	500,000	0.80	5 years	Exercise of third tranche Options

Listing Rule 10.14 prevents an entity from issuing securities under an employee incentive scheme to directors without the approval of ordinary shareholders. The effect of passing Resolution 8 will be to allow the Directors to issue securities under the Windward Incentive Scheme to Mr Frances, as set out in the Resolution.

## 11.2 Information required by Listing Rule 10.15

For the purposes of Listing Rule 10.15, the following information is provided about the proposed issue:

- (a) The securities will be issued to Mr David Francis, a Director.
- (b) The maximum number of securities to be issued is 2,400,000 Options.
- (c) The Options will be issued as part of Mr Frances' remuneration, and no funds will be raised from the issue. The exercise price of the securities is set out in section 11.1 above.
- (d) Prior to Shareholders approving the Resolution, no securities have been issued under the Windward Incentive Scheme.
- (e) All Directors, consultants and employees (and with the Board's approval, their nominees) are entitled to participate in the scheme.
- (f) A voting exclusion statement is included in the Notice.
- (g) There are no loans in relation to the acquisition.
- (h) The Options will be issued no later than 12 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

## 11.3 Directors' recommendation

The Directors, other than Mr Frances, unanimously recommend that Shareholders vote in favour of Resolution 8. The issue will enable the Company to retain Mr Frances, and better align his interests with Shareholders' interests.

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## 12 RESOLUTION 9 - APPROVAL OF 10% PLACEMENT FACILITY

### 12.1 General

The Company seeks Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period following the Meeting (10% Placement Facility).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 12.2 below). The issue price is yet to be determined, but will be no less than 75% of the price of the Equity Securities at the time of any issue.

## 12.2 Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period following shareholder approval by way of a special resolution. The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1.A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less. The Company is an eligible entity.

### (a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$\text{Number of Equity Securities} = (A \times D) - E$
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"A" the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that become fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

"D" is 10%

"E" is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. As the date of this Notice, the Company has 25,442,500 Shares on issue and, assuming the Acquisition completes and 43,482,500 Shares are issued under the Capital Raising, has a capacity to issue:

- (i) 13,208,554 Equity Securities under Listing Rule 7.1; and
  - (ii) subject to Shareholders approving Resolution 9, 8,805,703 Equity Securities under Listing Rule 7.1A.
- (b) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) The date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) If the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

### 12.3 Specific information by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:
  - (i) the market price for the Company's Equity Securities may be significantly lower of the date of the issue of the Equity Securities than when Shareholders approval the 10% Placement Facility; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue

date, or issued for non-cash consideration for the acquisition of a new asset.

Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.125 (50% decrease in Issue Price)	\$0.26 (Issue Price)	\$0.52 (100% increase in Issue Price)
88,057,031 (Current Variable A)	10% Voting Dilution	8,805,703	8,805,703	8,805,703
	Funds Raised	\$1,100,713	\$2,289,483	\$4,578,956
132,085,546 (50% increase in current Variable A)	10% Voting Dilution	13,208,554	13,208,554	13,208,554
	Funds Raised	\$1,651,069	\$3,434,224	\$6,868,448
176,114,062 (100% increase in current Variable A)	10% Voting Dilution	17,611,406	17,611,406	17,611,406
	Funds Raised	\$2,201,426	\$4,578,965	\$9,157,931

The table has been prepared on the following assumptions:

- (i) The Acquisition completes and \$10,960,625 is raised under the Capital Raising, resulting in an additional 62,614,531 Shares being issued.
- (ii) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
- (iii) No further Shares are issued before the date of the issue of the Equity Securities.
- (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes options, it is assumed that those options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) The issue price is \$0.26 being the closing price of the Shares on ASX on 28 August 2013.

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

- (c) The latest date by which Equity Securities may be issued is 12 months after the Meeting. Approval for the issue of Equity Securities under the 10% Placement Facility will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Equity Securities may be issued for the following purposes:
  - (i) To raise funds, in which case the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.
  - (ii) In consideration of the acquisition of new resources assets and investments, in which case the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (e) The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:
  - (i) The fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders.
  - (ii) In the case of an asset or investment acquisition, the nature and circumstances of the acquisition.
  - (iii) The effect of the issue of the Equity Securities on the control of the Company.
  - (iv) The financial situation and solvency of the Company.
  - (v) Advice from corporate, financial and broking advisers (if applicable).

The subscribers may include vendors (in the case of any issue for non-cash consideration), existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities, and no existing Shareholder's votes will be excluded under the voting exclusion in the Notice.

#### 12.4 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 9. This will allow the Company to issue securities and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

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## SCHEDULE 1 - DEFINITIONS

In this Notice and Explanatory Memorandum:

Acquisition	has the meaning given in section 8.1.
AFSL	means Australian Financial Services Licence.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
BDO or the Independent Expert	means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.
Board	means the board of Directors.
Capital Raising	has the meaning given in section 8.1.
Chairman	means the Chairman of the Company.
Company or Windward	means Windward Resources Limited ACN 158 432 270.
Consideration Shares	means 18,772,031 Shares to be issued to members of the Creasy Group, in part consideration for the acquisition of the Fraser Range (North and South) Projects.
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Creasy Group	means Mark Gareth Creasy and entities he controls, including Yandal Investments Pty Limited ACN 070 684 810, NBX Pty Limited ACN 140 719 491, Ponton Minerals Pty Limited ACN 108 313 024, Lake Rivers Gold Pty Limited ACN 122 986 681, Great Southern Gold Pty Limited ACN 123 821 545.
Director	means a director of the Company.
Equity Securities	has the same meaning giving in the Listing Rules.
Explanatory Memorandum	means this explanatory memorandum.
Fraser Range (North and South) Projects	means a 70% interest in the tenements listed in annexure B.
Independent Directors	means Messrs George Cameron Dow, David Francis and

Josh Puckridge.

Independent Expert's Report	means the independent expert's report, which accompanies this Notice, prepared by BDO for the purposes of item 11 of section 611 of the Corporations Act and Listing Rule 10.10.
Listing Rule	means the listing rules of the ASX.
Meeting	means the meeting convened by this Notice (as adjourned from time to time).
Notice	means this notice of meeting.
Option	means an option to be issued a Share on the terms set out in annexure F.
Proxy Form	means the proxy form attached to this Notice.
Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
Resolution	means a resolution set out in the Notice.
Securities	means a Share or an Option.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Tenements	means the tenements listed in annexure B.
Term Sheet	means the binding term sheet between the Company and the Creasy Group.
Trading Days	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
VWAP	means volume weighted average price.
Windward Incentive Scheme	means the employee incentive scheme adopted by the Company and detailed in section 10 of the Explanatory Memorandum.
WST	means Western Standard Time.

30 August 2013

The Directors  
Windward Resources Limited  
Level 9  
105 St Georges Terrace  
Perth WA 6000

Dear Sirs,

**NOMINATION OF AUDITOR**

Pursuant to subsection 328B(1) of the Corporations Act, I nominate Moore Stephens Perth of Level 3, 12 St Georges Terrace, Perth, Western Australia, to be appointed as the auditor of Windward Resources Limited at the Annual General Meeting to be held on 4 October 2013.

I am a shareholder of Windward Resources Limited.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Josh Puckridge', with a stylized 'JP' monogram above the name.

Josh Puckridge

2 ANNEXURE B - TENEMENTS

Fraser Range North Project				
Holder	Tenement	Blocks	Current Status	Anniversary
Lake Rivers Gold	E28/1710	199	Granted	23/09/14
Lake Rivers Gold	E28/1711	200	Granted	23/09/14
Lake Rivers Gold	E28/1712	200	Granted	23/09/14
Lake Rivers Gold	E28/1713	42	Granted	23/09/14
Lake Rivers Gold	E28/1715	39	Granted	23/09/14
Ponton Minerals	E28/2017	113	Granted	21/09/14
Ponton Minerals	E69/2989	200	Granted	3/04/14
Ponton Minerals	E69/2990	200	Granted	28/05/14

Fraser Range South Project				
Holder	Tenement	Blocks	Current Status	Anniversary
NBX Pty Ltd	E70/4064	200	Granted	28/05/14
NBX Pty Ltd	E70/4065	200	Pending	N/A
NBX Pty Ltd	E70/4068	200	Granted	5/07/13
NBX Pty Ltd	E70/4084	200	Granted	17/02/14
Mark Gareth Creasy	E70/3112	116	Granted	11/03/14
Mark Gareth Creasy	E70/3113	76	Granted	11/03/14
Mark Gareth Creasy	E70/3114	105	Granted	11/03/14
Mark Gareth Creasy	E70/3115	200	Granted	11/03/14
Mark Gareth Creasy	E70/3116	154	Granted	11/03/14
Mark Gareth Creasy	E70/3117	168	Granted	11/03/14
Great Southern Gold	E70/4105	75	Granted	17/02/14
NBX Pty Ltd	E70/4495	19	Pending	N/A

	<b>Audited (30/06/2013)</b>	<b>Un-Audited Pro Forma (30/06/2013)</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (1)	\$ 3,066,707	\$ 9,827,332
Trade and other receivables	\$ 7,778	\$ 7,778
Prepayments	\$ 1,873	\$ 1,873
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 3,076,358</b>	<b>\$ 9,836,983</b>
<b>NON CURRENT ASSETS</b>		
Exploration & Evaluation Assets	\$ -	\$ 7,900,000
<b>TOTAL NON CURRENT ASSETS</b>	<b>\$ -</b>	<b>\$ 7,900,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,076,358</b>	<b>\$ 17,736,983</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	\$ 23,334	\$ 23,334
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 23,334</b>	<b>\$ 23,334</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 23,334</b>	<b>\$ 23,334</b>
<b>NET ASSETS</b>	<b>\$ 3,053,024</b>	<b>\$ 17,713,649</b>
<b>EQUITY</b>		
Contributed Equity	\$ 3,379,319	\$ 19,239,944
Accumulated Losses	-\$ 326,295	-\$ 1,526,295
<b>TOTAL EQUITY</b>	<b>\$ 3,053,024</b>	<b>\$ 17,713,649</b>

## Notes

- 1 Assumes total transaction costs of \$4,400,000.

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## 4 ANNEXURE D - RISKS

The Acquisition is not risk free. Before deciding whether to approve the Acquisition and Capital Raising, Shareholders should read the entire Notice and Explanatory Memorandum and consider at least the risk factors set out below in light of their personal circumstances and investment objectives (including financial and taxation matters).

In addition to the below risks, there are several disadvantages to the Acquisition and Capital Raising (which are set out in section 8.9). Those disadvantages create particular risks for the Company, and Shareholders should, in addition to the below risks, also consider the disadvantages before deciding whether to approve the Acquisition and Capital Raising.

### 4.1 Company and industry risks

The risks outlined below are specific to Acquisition and to the resource exploration industry in which the Company operates.

#### (a) Exploration risk

Whilst considered highly prospective, the Fraser Range (North and South) Projects are early stage exploration tenements with limited exploration undertaken on them to date.

Exploration is a high risk undertaking. The Company does not give any assurance that exploration of the Fraser Range (North and South) Projects will result in the delineation or discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited. In addition, the resources may become depleted, resulting in a reduction of the value of those tenements.

The exploration costs of the Company are estimated based on certain assumptions which are subject to significant uncertainties. The actual costs may materially differ from these estimates. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice. The Company may be materially and adversely affected if the actual costs are substantially greater than the estimated costs.

#### (b) Dilution risk

The Acquisition and Capital Raising will result in the issue of 62,614,531 Shares, diluting existing Shareholders from 69.54% to a minimum of 58.70% on the assumption that only the minimum subscription under the Capital Raising is reached.

#### (c) Contractual risk

The Company will hold a 70% interest in the Tenements, and its rights and obligations will be governed by the Fraser Range Tenement Sale and Joint

Venture Agreement. There is a risk that the counter parties to the agreement could dispute their rights and obligations under these agreements and that, regardless of the merit of such claims, the Company will incur the uncertainty and costs in establishing its rights through the court process.

(d) Future capital needs and additional funding

Acquiring the Fraser Range (North and South) Projects will result in a significant increase in the Company's exploration budget and minimum annual commitments to approximately \$3.5m.

The funds raised by the Capital Raising will be used to fund exploration on the Company's projects. There is a risk that these funds will not be sufficient to complete the proposed exploration and that further funding will be required.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

(e) Gold, base metals and other commodity prices

As an explorer for gold, base metals and potentially other minerals, any future earnings of the Company are expected to be closely related to the price of copper and other commodities.

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(f) Environmental

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development

proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

#### 4.2 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Counterparty risk

Parties who have entered into firm commitments with the Company to fund the Capital Raise may default through no fault of the Company's or the structuring of the agreement between the Company and the counterparty. This may result in a reduced capital raise size

(c) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(d) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

(e) Investment speculative

The above listed risk factors are not exhaustive and other potential risks factors may in future materially affect the performance of the Company and the value of securities of the Company.

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5 ANNEXURE E - TERMS OF THE WINDWARD INCENTIVE SCHEME

1. Purpose

The purpose of the plan is to:

- (a) provide an incentive for the Eligible Employees to participate in the future growth of the Company and, upon becoming shareholders, to participate in the Company's profits and development;
- (b) ensure that securities issued under the plan are issued in accordance with the Corporations Act and the Listing Rules.

2. Eligible Participants

The eligible participants are persons who are full or part time employees, directors or consultants of the Company or an associated body corporate of the Company (and with the Board's approval, their nominees) (Eligible Employee).

3. Offers

The Board may from time to time and in its absolute discretion determine that an Eligible Employee may participate in the plan and the extent of that participation by offering that person options (Options) or performance rights (Performance Rights) (Incentive Securities) under the plan.

4. Incentive Security terms

- (a) Performance Criteria - The Board will determine the vesting conditions of the Incentive Securities. Subject to the Listing Rules and Corporations Act, and where the Board considers it in the Company's best interests, the Board may waive any performance criteria
- (b) Exercise Price - Unless otherwise determined by the Board, the exercise price of each option will be a minimum of the market value of a Share when the Board resolves to offer the option.
- (c) Expiry Date - The expiry date will be determined by the Board prior to the offer of the relevant Incentive Securities, subject to any restriction in the Corporations Act, but in any event, no longer than 5 years from the issue date of the Incentive Securities.
- (d) Lapse - If at any time before the exercise of an Incentive Securities, the holder of the Incentive Securities ceases to be an Eligible Employee, all Incentive Securities held by the Eligible Employee will automatically lapse unless the Board otherwise determines within 30 days of the holder of the Incentive Securities ceasing to be an Eligible Employee.
- (e) Fraudulent or dishonest acts by holder - If, in the reasonable opinion of the Board, an Eligible Employee acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any group

company, then, notwithstanding any other provision in the Windward Incentive Scheme rules, the Board may:

- (i) deem any unvested Performance Rights or unexercised Options of the Eligible Employee to have lapsed;
  - (ii) deem all or any Shares issued pursuant to the exercise of an Incentive Security held by the Eligible Employee to be forfeited - in which event the Eligible Employee is deemed to have agreed to sell his shares to the Company pursuant to an Employee Share Scheme Buy-Back (as defined in the Corporations Act) for no consideration or be deemed to have appointed any officer of the Company as his or her agent to sell the Shares on market; and/or
  - (iii) where any Shares have been sold by the Eligible Employee, require the Eligible Employee to pay all or part of the net proceeds of that sale to the Company.
- (f) Change of control - In the event of a takeover bid for the Company, any Incentive Securities granted to an Eligible Employee will vest where, in the Board's absolute discretion, pro rata performance is in line with the performance conditions applicable to those Incentive Securities. In addition, in the event of a court-ordered arrangement or compromise, compulsory acquisition following a takeover bid or the winding up of the Company, the Board may, in its absolute discretion, determine that some or all of an Eligible Employee's Incentive Securities vest if pro rata performance is in line with the performance conditions applicable to those Incentive Securities.
- (g) Death, disability or other event - If at any time before the exercise of an Option or the vesting of a Performance Right, a holder ceases to be an Eligible Employee:
- (iv) by reason of death, disability, bona fide redundancy or other reason approved by the Board, and at that time the Eligible Employee continued to satisfy any other relevant conditions of the grant, the Board may determine:
    - (A) the extent to which the Incentive Securities held by the Eligible Employee vest; and
    - (B) a period of time for the Options to be exercised; or
  - (v) for any other reason, all Incentive Securities held by the Eligible Employee will automatically lapse unless the Board otherwise determines within 30 days of the holder of the Incentive Securities ceasing to be an Eligible Employee.
- (h) Restrictions on trading - The Board may determine, prior to the offer of the relevant Incentive Securities, any restrictions upon trading in Shares issued pursuant to the exercise of an Incentive Security. The Board must provide

the Eligible Employees with details of any additional or different restrictions. The Company may implement any procedure it considers appropriate to restrict an Eligible Employee from trading in Shares.

5. Shares Issued on Exercise of Options

Each Incentive Securities entitles the holder to one fully paid ordinary share on exercise of the Option or satisfaction of performance criteria.

6. Transferability and Quotation

Subject to the Listing Rules, rights under Incentive Securities issued under the plan are not transferable except with the prior written approval of the Board.

7. Limitation on Number of Incentive Securities

Shares to be received on the exercise of all options issued under the plan or satisfaction of performance criteria under the plan when aggregated with the number of Shares issued during the previous 5 years under any employee share plan of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit.

8. Administration of the Plan

The plan will be administered under the directions of the Board in accordance with the ASX Listing Rules and Corporations Act, and the Board may make regulations and establish procedures for the administration and management of the plan as it considers appropriate.

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6 ANNEXURE F - OPTION TERMS

1. Capitalised terms have the meaning contained in Windward Incentive Scheme, unless the context otherwise requires.
2. Each Option entitles the holder to one Share.
3. The Performance Criteria, Exercise Price and expiry date of the Options are as follows:

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Tranche	Number	Exercise Price (\$)	Exercise period	Performance Criteria
First	400,000	0.25	3 years	6 months of continual service
Second	500,000	0.40	3 Years	12 months of continual service
Third	500,000	0.40	5 years	Exercise of first tranche Options
Fourth	500,000	0.60	5 years	Exercise of second tranche Options
Fifth	500,000	0.80	5 years	Exercise of third tranche Options

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4. The Options may be exercised at any time prior to the expiry date, in whole or in part, upon satisfaction of any Performance Criteria and payment of the exercise price per Option.
5. The Options will not be quoted and are not transferable except with the prior consent of the Board or by force of law upon the Holder's death.
6. The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (*Notice of Exercise*). Options may be exercised by the Option Holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed subscriber. The Notice of Exercise by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
7. All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX on or before the issue date for all Shares pursuant to the exercise of Options to be admitted to quotation.
8. There are no participating rights or entitlements inherent in the Options and the Holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. The Company will ensure, for the purposes of determining entitlements to any issue, that Option Holder will be notified of a proposed issue after the issue is announced. This will give Option

Holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.

9. If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (*Bonus Issue*), then upon exercise of his or her Options a Holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.
10. In the event of any pro-rata issue of securities (except a Bonus Issue) the exercise price of the Options will be adjusted in accordance with ASX Listing Rule 6.22.2.
11. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option Holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.



## WINDWARD RESOURCES LIMITED Independent Expert's Report

### Opinions:

The acquisition of the Fraser Range Tenements is Fair and Reasonable

The increase in the Creasy Group's shareholding in the Company is Fair and Reasonable

23 August 2013



## Financial Services Guide

23 August 2013

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ("we" or "us" or "ours" as appropriate) has been engaged by Windward Resources Limited ("Windward" or "the Company") to provide an independent expert's report on the proposal for Windward to acquire a 70% interest in exploration tenements from entities controlled by Mark Creasy ("Creasy Group"). You will be provided with a copy of our report as a retail client because you are a shareholder of Windward.

### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

#### Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$22,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

#### Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Windward for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

#### Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

#### Complaints resolution

##### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

#### Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry.

FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

#### Contact details

You may contact us using the details set out on page 1 of the accompanying report.



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23 August 2013

The Directors  
Windward Resources Limited  
Level 9, 105 St George's Terrace  
PERTH WA 6000

Dear Sirs

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 24 July 2013, Windward Resources Limited ("Windward" or "the Company") announced the signing of a binding term sheet with entities controlled by Mark Creasy ("Creasy Group") to acquire a 70% interest in exploration tenements in Western Australia's Fraser Range region ("the Transaction").

The exploration tenements that are the subject of the Transaction are the Fraser Range North Project and the Fraser Range South Project (together referred to as the "Fraser Range Tenements"). The consideration payable by Windward for a 70% interest is as follows:

- (a) 18,772,031 fully paid ordinary shares in Windward ("Share Consideration"); and
- (b) \$2.80 million plus the reimbursement of the amount spent on developing the Fraser Range Tenements between 23 April 2013 and the completion of the Transaction (estimated to be \$200,000) ("Cash Consideration").

The Creasy Group will retain a 30% free carried interest in the Fraser Range Tenements up to a bankable feasibility study. The Creasy Group currently has an interest in 30.46% of the Company, therefore the Transaction will be subject to shareholder approval, to be sought under Australian Securities Exchange ("ASX") Listing Rule 10.1, as the Transaction represents the acquisition of a substantial asset from a substantial holder who holds more than 10% of the Company's voting shares.

As some of the consideration for the Transaction is in the form of scrip, the Transaction will also be subject to shareholder approval, to be sought under item 7 section 611 of the Corporations Act 2001 (Cth) ("the Act") to the extent that it may result in the Creasy Group increasing their shareholding in the Company from 30.46% to a maximum of 41.30%.

### 2. Summary and Opinion

#### 2.1 Purpose of the report

The independent directors of Windward have requested that BDO Corporate Finance (WA) Pty Ltd ("BDO") prepare an independent expert's report ("our Report") to express two opinions. The first, as to whether or not the acquisition of the Fraser Range Tenements from a related party is fair and reasonable to the

non associated shareholders of Windward and on terms that are reasonable in the circumstances if the Company and the Creasy Group were dealing on arm's length terms (as that concept is used in section 210 of the Act) ("Opinion One") and the second, as to whether or not the increase in the Creasy Group's shareholding in the Company to a maximum of 41.30% as a result of the Share Consideration is fair and reasonable to the non associated shareholders of Windward ("Opinion Two").

Our Report is prepared pursuant to ASX Listing Rule 10.1 and section 611 of the Act and is to be included in the Notice of Meeting and Explanatory Memorandum for Windward in order to assist the Shareholders in their decision whether to approve the Transaction.

## 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 ("RG 111") 'Content of Expert's Reports', Regulatory Guide 112 ("RG 112") 'Independence of Experts' and Regulatory Guide 76 ("RG 76") 'Related Party Transactions'.

In arriving at Opinion One, regarding the acquisition of the Fraser Range Tenements, we have assessed the terms as outlined in the body of this report. We have considered:

- How the value of the assets being acquired compares to the value of the consideration to be paid for the assets;
- Whether a premium for control is being offered in relation to the issue of Windward shares and whether this is appropriate;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

In arriving at Opinion Two, regarding the increase in the Creasy Group's shareholding in the Company as a result of the Share Consideration, we have assessed the terms as outlined in the body of this report. We have considered:

- How the value of the Share Consideration compares to the value of the assets received for the Share Consideration;
- Whether a premium for control is being offered in relation to the issue of Windward shares and whether this is appropriate;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

## 2.3 Opinion

### Opinion One - Acquisition of the Fraser Range Tenements

We have considered the terms of the acquisition of the Fraser Range Tenements as outlined in the body of this report and have concluded that, in the absence of any other information, the acquisition is:

- fair and reasonable to Shareholders; and
- on terms that are reasonable in the circumstances if the Company and the Creasy Group were dealing on arm's length terms (as that concept is used in section 210 of the Act).

### Opinion Two - Increase in the Creasy Group's shareholding in the Company

We have considered the terms of the increase in the Creasy Group's shareholding in the Company as outlined in the body of this report and have concluded that, in the absence of any other information, the increase in the Creasy Group's shareholding as a result of the Share Consideration is fair and reasonable to Shareholders.

## 2.4 Fairness

### Opinion One - Acquisition of the Fraser Range Tenements

In section 12 we determined that the value of a 70% interest in the Fraser Range Tenements compares to the value of the total consideration to be provided by Windward, as detailed hereunder.

	Ref	Low \$m	Preferred \$m	High \$m
Value of consideration to be provided by Windward	12	5.62	6.89	8.16
Value of a 70% interest in the Fraser Range Tenements	11	4.00	7.90	10.60

The above pricing indicates that, in the absence of any other relevant information, the acquisition of a 70% interest in the Fraser Range Tenements is fair for Shareholders.

### Opinion Two - Increase in the Creasy Group's shareholding in the Company

In section 13 we determined that the value of the Share Consideration compares to the value of the assets received for the Share Consideration, as detailed hereunder.

	Ref	Low \$m	Preferred \$m	High \$m
Value of Share Consideration	10.3	2.62	3.89	5.16
Value of the assets received for the Share Consideration	13	1.00	4.90	7.60

The above pricing indicates that, in the absence of any other relevant information, the increase in the Creasy Group's shareholding in the Company as a result of the Share Consideration is fair for Shareholders.

## 2.5 Reasonableness

We have considered the analysis in section 14 of this report, in terms of both

- advantages and disadvantages of the Transaction as a whole; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.3	The Company retains cash to use for other purposes	14.4	Dilution of existing Shareholders' interest
14.3	The Fraser Range Tenements are in the same locality as current Windward tenements	14.4	The Creasy Group could gain an increased level of control over the Company
14.3	Firm commitments received for Capital Raising upon the announcement of the Transaction		
14.3	No changes to current operating arrangements		

Other key matters we have considered include:

Section	Description
14.1	The Creasy Group's practical level of control
14.2	Consequences of not approving the Transaction

### 3. Scope of the Report

#### 3.1 Purpose of the Report

##### Opinion One - Acquisition of the Fraser Range Tenements

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the last audited accounts. Based on the reviewed accounts as at 31 December 2012, 5% of the equity interest of Windward is approximately \$165,000. The value of the consideration to be paid by Windward for the acquisition of the Fraser Range Tenements is greater than this.

Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party or a 'substantial holder' of the listed entity. The Creasy Group is considered a substantial shareholder of Windward because it holds a relevant interest in more than 10% of the total votes attaching to Windward's voting securities. As at the date of this report, the Creasy Group holds an interest of 30.46%.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction non-associated shareholders.

Accordingly, an independent expert's report is required for the Transaction. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Windward, and a valuation.

ASIC Regulatory Guide 74 'Acquisitions Agreed to by Shareholders' ("RG 74") states that the obligation to supply shareholders with all information that is material, can be satisfied by the non-associated directors, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The independent directors of Windward have commissioned this Independent Expert's Report to satisfy this obligation. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Windward.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the provisions, including where the financial benefit is given on terms that are reasonable in the circumstances as if the company and related party were dealing at arm's length ("Arm's Length Exception"); or
- prior shareholder approval is obtained to the giving of the benefit.

The Creasy Group is not a related party of the Company. Nevertheless and as a matter of good corporate governance, the Company's independent directors have asked that we also consider whether giving the Share Consideration and Cash Consideration fall within the Arm's Length Exception.

According to RG 76, in deciding whether the Arm's Length Exception applies, amongst other things, the terms on which the financial benefit is given should be compared to the objective range of possible terms that these unrelated, uninfluenced and self-interested parties would reasonably arrive at in the circumstances.

### Opinion Two - Increase in the Creasy Group's shareholding in the Company

Section 606 of the Corporations Act Regulations expressly prohibits the acquisition of further shares by a party who already holds (with associates) more than 20% of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

As at the date of our report the Creasy Group holds 30.46% of the issued shares in Windward. Assuming only the minimum subscription under a proposed capital raising to be undertaken by Windward is achieved, the issue of the Share Consideration to the Creasy Group will increase this holding to a maximum of 41.30%.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Windward, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The independent directors of Windward have commissioned this Independent Expert's Report to satisfy this obligation.

### 3.2 Regulatory guidance

#### Opinion One - Acquisition of the Fraser Range Tenements

In determining whether the acquisition of the Fraser Range Tenements is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test - that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

In our opinion, the Transaction is a control transaction as defined by RG 111. As such, we have assessed the acquisition of the Fraser Range Tenements as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

In determining whether the giving of the Share Consideration and Cash Consideration falls within the Arm's Length Exception, we have had regard to the views expressed in RG 76. This regulatory guide provides guidance on determining whether the Arm's Length Exception applies to the giving of a financial benefit.

#### Opinion Two - Increase in the Creasy Group's shareholding in the Company

Neither the Listing Rules nor the Act defines the meaning of "fair and reasonable". In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111. As such, we have assessed the increase in the Creasy Group's shareholding as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

### 3.3 Adopted basis of evaluation

#### Opinion One - Acquisition of the Fraser Range Tenements

RG 111 states that a transaction is fair if the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired. In the case of Windward the cash and scrip consideration is the financial benefit being offered to the related party and the Fraser Range Tenements are the assets being acquired. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG 111 states that when considering the value of non-cash consideration in a control transaction the expert should consider this value inclusive of a control premium. As stated in section 3.2 we consider that the Transaction to be a control transaction and therefore we have deemed the acquisition of the Fraser Range Tenements to be a control transaction. As such, we have included a premium for control when considering the value of the Share Consideration.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the asset being acquired and the value of the consideration (fairness - see section 12 "Is the acquisition of the Fraser Range Tenements fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see section 14 "Is the Transaction reasonable?").

RG 76 refers to Australian Securities and Investments Commission ("ASIC") v Australian Investors Forum, which held that, in determining the objective standards that would characterise arm's length terms, courts should consider the transaction terms that would result if:

- a) the parties to the transaction were unrelated in any way (e.g. financially, or through ties of family, affection or dependence);
- b) the parties were free from any undue influence, control or pressure;
- c) through its relevant decision-makers, each party was sufficiently knowledgeable about the circumstances of the transaction, sufficiently experienced in business and sufficiently well advised to be able to form a sound judgement as to what was in its interests; and
- d) each party was concerned only to achieve the best available commercial result for itself in all the circumstances.

#### Opinion Two - Increase in the Creasy Group's shareholding in the Company

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. As stated in section 3.2 we consider that the Transaction to be a control transaction and therefore we have deemed the increase in the Creasy Group's shareholding to be a control transaction.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the Share Consideration and the value of the assets received for the Share Consideration (fairness - see section 13 "Is the increase in the Creasy Group's shareholding in the Company fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see section 14 "Is the Transaction reasonable?").

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ("APES 225").

A Valuation Engagement is defined by APES 225 as follows:

*"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time."*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

## 4. Outline of the Transaction

On 24 July 2013, Windward announced the signing of a binding term sheet with entities controlled by Mark Creasy to acquire a 70% interest in exploration tenements in Western Australia's Fraser Range region.

The exploration tenements that are the subject of the Transaction are the Fraser Range North Project and the Fraser Range South Project. The consideration payable by Windward for the 70% interest is as follows:

- (a) 18,772,031 fully paid ordinary shares in Windward; and
- (b) \$2.80 million plus the reimbursement of the amount spent on developing the Fraser Range Tenements between 23 April 2013 and the completion of the Transaction (estimated to be \$200,000).

The Creasy Group will retain a 30% free carried interest in the Fraser Range Tenements up to a bankable feasibility study. The above consideration amounts are subject to change in the event that the ASX determine that all or part of the amount paid under part (b) above is not reimbursement of expenditure incurred by the vendors in developing the Fraser Range Tenements. If this occurs the following will happen:

- (c) The amount to be paid under part (b) above will be reduced by the amount as determined by the ASX; and
- (d) The number of Windward shares to be issued under part (a) above will be increased by the amount as determined by the ASX divided by the issue price under the proposed capital raising.

Completion of the Transaction is conditional on the following:

- (i) The parties obtaining the written consent of the Minister or an officer of the Mines Department acting with the authority of the Minister providing written consent to the sale of the 70% interest;
- (ii) Completion of due diligence by Windward to its sole satisfaction;
- (iii) Windward shareholders approving all required resolutions for the Transaction and Capital Raising, including the issue of shares as consideration;
- (iv) An independent expert opines that the Transaction is fair and reasonable to non-associated shareholders of Windward;
- (v) Windward receiving valid applications of a minimum of \$5 million under the capital raising; and
- (vi) All necessary waivers and consents under any third party agreement being obtained,

by no later than 31 October 2013, failing which the parties will be released from their obligations under the term sheet.

To fund the acquisition of the Fraser Range Tenements and commence an exploration program, Windward intends to raise \$10 million at a minimum issue price of \$0.25 per share ("Capital Raising"). The capital raising will have a minimum subscription amount of \$5 million. As announced on 24 July 2013, the Company has received firm commitments for the issue of 43,842,500 fully paid ordinary shares at an issue price of \$0.25 per share to raise approximately \$10.9 million (before costs).

As at the date of our report the Creasy Group holds 30.46% of the issued shares in Windward. Assuming only the minimum subscription under a Capital Raising is achieved, the issue of the Share Consideration to the Creasy Group will increase this holding to a maximum of 41.30%. These potential changes in shareholding are summarised in the table below.

	Creasy Group & related entities	Other Shareholders	Total
Issued Shares as at the date of this Report	7,750,000	17,692,500	25,442,500
<i>% holdings as at date of this Report</i>	<i>30.46%</i>	<i>69.54%</i>	<i>100.00%</i>
Shares to be issued under the Capital Raising*	-	20,000,000	20,000,000
Shares to be issued as Share Consideration	18,772,031	-	18,772,031
Issued Shares after completion of the Capital Raising and Transaction	26,522,031	37,692,500	64,214,531
<i>% holdings after completion of the Capital Raising and Transaction</i>	<i>41.30%</i>	<i>58.70%</i>	<i>100.00%</i>

\*Number of shares issued is based on the minimum subscription of the Capital Raising being achieved.

The table above shows that the Creasy Group could increase their holding to a maximum of 41.30%. As noted above, Windward has received firm commitments for the issue of 43,842,500 fully paid ordinary shares under the Capital Raising. If this is achieved, the Creasy Group's holding will be diluted to 30.12% as shown in the table below.

	Creasy Group & related entities	Other Shareholders	Total
Issued Shares as at the date of this Report	7,750,000	17,692,500	25,442,500
<i>% holdings as at date of this Report</i>	<i>30.46%</i>	<i>69.54%</i>	<i>100.00%</i>
Shares to be issued under Capital Raising*	-	43,842,500	43,842,500
Shares to be issued as Share Consideration	18,772,031	-	18,772,031
Issued Shares after completion of Capital Raising and Transaction	26,522,031	61,535,000	88,057,031
<i>% holdings after completion of Capital Raising and Transaction</i>	<i>30.12%</i>	<i>69.88%</i>	<i>100.00%</i>

\*Number of shares issued is based on the firm commitments received by Windward to date.

## 5. Profile of Windward Resources Limited

### 5.1 History

The Company was incorporated in May 2012 with its primary business activities focussed on the identification of gold, base metals and heavy mineral sands exploration projects in the Fraser Range region in south-west Western Australia. Windward listed on the ASX on 28 November 2012 with an initial public offering to raise \$2 million (before costs) through the issue of 10 million shares at an issue price of \$0.20 each.

Windward's Board of Directors consists of four members:

- George Cameron-Dow - Non-Executive Director and Interim Chairman;
- David Frances - Managing Director;
- Stephen John Lowe - Non-Executive Director; and
- Josh Puckridge - Non-Executive Director and Company Secretary.

Windward is party to a Farm-in and Joint Venture Agreement with NBX Pty Ltd ("NBX") over two tenements in the Fraser Range region, being E70/4083 and E70/4085. These tenements are located approximately 40 km north-west of Bremer Bay in Western Australia and cover an approximate area of 767 km<sup>2</sup>. Under the terms of the Farm-in and Joint Venture Agreement with NBX, Windward has the right to earn up to a 70% interest in the tenements. 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% interest. 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.

During the first quarter of 2013, Windward conducted an Airborne Magnetic and Radiometric survey of the entire project. The future fieldwork is currently expected to consist of geochemical soil sampling and RAB drilling. Previous exploration in the area has been dominated by companies exploring for mineral sands with BHP being the only company to drill for gold or base metals.

## 5.2 Historical Financial Statements

Statement of Financial Position	Audited as at 30-Jun-13 \$	Reviewed as at 31-Dec-12 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,066,707	3,285,917
Trade and other receivables	7,778	24,820
Prepayments	1,874	7,493
<b>TOTAL CURRENT ASSETS</b>	<b>3,076,359</b>	<b>3,318,230</b>
<b>TOTAL ASSETS</b>	<b>3,076,359</b>	<b>3,318,230</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	23,335	7,413
<b>TOTAL CURRENT LIABILITIES</b>	<b>23,335</b>	<b>7,413</b>
<b>TOTAL LIABILITIES</b>	<b>23,335</b>	<b>7,413</b>
<b>NET ASSETS</b>	<b>3,053,024</b>	<b>3,310,817</b>
<b>EQUITY</b>		
Contributed equity	3,379,319	3,379,319
Accumulated losses	(326,295)	(68,502)
<b>TOTAL EQUITY</b>	<b>3,053,024</b>	<b>3,310,817</b>

Source: Audited financial statements for the year ended 30 June 2013 and reviewed financial statements for the half-year ended 31 December 2012

Statement of Financial Performance	Audited for the year ended 30-Jun-13 \$	Reviewed for the half year ended 31-Dec-12 \$
Revenue	88,496	30,494
Employee and consultants expense	(101,756)	(54,211)
Exploration expense	(151,840)	-
Corporate finance and administrative expense	(161,175)	(44,765)
Loss before income tax	(326,275)	(68,482)
Income tax expense	-	-
Loss for the period	(326,275)	(68,482)
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive loss for the period</b>	<b>(326,275)</b>	<b>(68,482)</b>

Source: Audited financial statements for the year ended 30 June 2013 and reviewed financial statements for the half-year ended 31 December 2012

### Commentary of Historical Financial Statements

Cash at bank totalled \$3.29 million as at 31 December 2012, the majority of this balance was raised through the initial public offering undertaken in October 2012 in which 10 million shares were issued at an issue price of \$0.20 each to raise \$2 million (before costs). As at 30 June 2013 this balance has reduced to

\$3.07 million as a result of exploration activities undertaken on the Fraser Range South project which include the completion of a magnetic and radiometric survey.

Exploration expenditure as at 30 June 2013 totalled \$151,840 and has been expensed as paid. This expenditure relates to work undertaken on E70/4083 and E70/4085 tenements in accordance with the Farm-in and Joint Venture Agreement with NBX.

For the half-year ended 31 December 2012 the Company made a loss of \$68,482 while for the year ended 30 June 2013 the Company made a loss of \$326,275. The majority of this loss resulted from exploration activities undertaken during the year.

### 5.3 Capital Structure

The share structure of Windward as at the date of this report is outlined below:

	Number
Total ordinary shares on issue	25,442,500
Top 20 shareholders	15,093,530
Top 20 shareholders - % of shares on issue	59.32%

Source: Management of Windward

We note that of the 25,442,500 shares currently on issue, 5,906,000 of these are subject to a 24 month escrow period from the date of quotation being 28 November 2012 and a further 7,500,000 are subject to a 12 month escrow period from the date of quotation.

The range of shares held in Windward as at the date of this report is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	7	291	0.00%
1,001 - 5,000	34	122,301	0.48%
5,001 - 10,000	183	1,788,107	7.03%
10,001 - 100,000	196	7,197,671	28.29%
100,001 - and over	30	16,334,130	64.20%
<b>TOTAL</b>	<b>450</b>	<b>25,442,500</b>	<b>100.00%</b>

Source: Management of Windward

The ordinary shares held by the most significant shareholders as at the date of this report are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Yandal Investments Pty Ltd	7,750,000	30.46%
Fleming SG Capital Special Opportunities Pty Ltd	3,125,000	12.28%
Fleming SG Capital Pty Ltd	600,000	2.36%
Subtotal	11,475,000	45.10%
Others	13,967,500	54.90%
<b>Total ordinary shares on Issue</b>	<b>25,442,500</b>	<b>100.00%</b>

Source: Management of Windward

## 6. Profile of the Creasy Group

The Creasy Group is the name given to the group of companies controlled by Mark Gareth Creasy. Mr Creasy is a mining engineer and prospector. Currently, through his principal investment company, Yandal Investments Pty Ltd, Mark Creasy owns approximately 19% of the ordinary shares in Sirius Resources NL.

In addition to the investment in Sirius Resources NL, Yandal Investments holds interests in Coziron Resources Ltd, Legend Mining Ltd, Helix Resources Ltd, Kairiki Energy Limited, Azure Minerals, Platina Resources Limited and Merlin Diamonds Limited.

### 6.1 Fraser Range Tenements

The Fraser Range Tenements are located approximately 650 km south-east of Perth within the Albany-Fraser province. The area is considered prospective for copper and platinum group elements but is heavily dominated by gold and nickel deposits. A number of companies have interests in the area with the main projects being Sirius Resources NL's Nova and Bollinger nickel projects and AngloGold Ashanti and Independence Group's Tropicana JV project.

The Fraser Range North project covers an area of approximately 3,500 km<sup>2</sup> and is situated adjacent to Sirius Resources NL's Nova and Bollinger deposits.

The Fraser Range South project covers an area of approximately 5,600 km<sup>2</sup> and is situated near Heron Resources Limited's Rocky Gully project and Grange Resources Limited's Southdown Magnetite project.

## 7. Economic analysis

Recent information is consistent with global growth running a bit below average this year, with reasonable prospects of a pick-up next year. Commodity prices have declined but, overall, remain at high levels by historical standards. Inflation has moderated over recent months in a number of countries.

Globally, financial conditions remain very accommodative, though the recent reassessment by markets of the outlook for US monetary policy has seen a noticeable rise in sovereign bond yields, from exceptionally low levels. Volatility in financial markets has increased and has affected a number of emerging market economies in particular.

In Australia, the economy has been growing a bit below trend over the past year. This is expected to continue in the near term as the economy adjusts to lower levels of mining investment. The unemployment rate has edged higher. Recent data confirm that inflation has been consistent with the

medium-term target. With growth in labour costs moderating, this is expected to remain the case over the next one to two years, even with the effects of the recent depreciation of the exchange rate.

The easing in monetary policy over the past 18 months has supported interest-sensitive spending and asset values, and further effects can be expected over time. The pace of borrowing has remained relatively subdued, though recently there are signs of increased demand for finance by households.

The Australian dollar has depreciated by around 15% since early April 2013, although it remains at a high level. It is possible that the exchange rate will depreciate further over time, which would help to foster a rebalancing of growth in the economy.

The Reserve Bank of Australia ("RBA") Board has previously noted that the inflation outlook could provide some scope to ease policy further, should that be required to support demand. At the RBA Board meeting on 6 August 2013 it was judged that a further decline in the cash rate was appropriate. The RBA Board will continue to assess the outlook and adjust policy as needed to foster sustainable growth in demand and inflation outcomes consistent with the inflation target over time.

Source: [www.rba.gov.au](http://www.rba.gov.au) Statement by Glenn Stevens, Governor: Monetary Policy Decision 6 August 2013

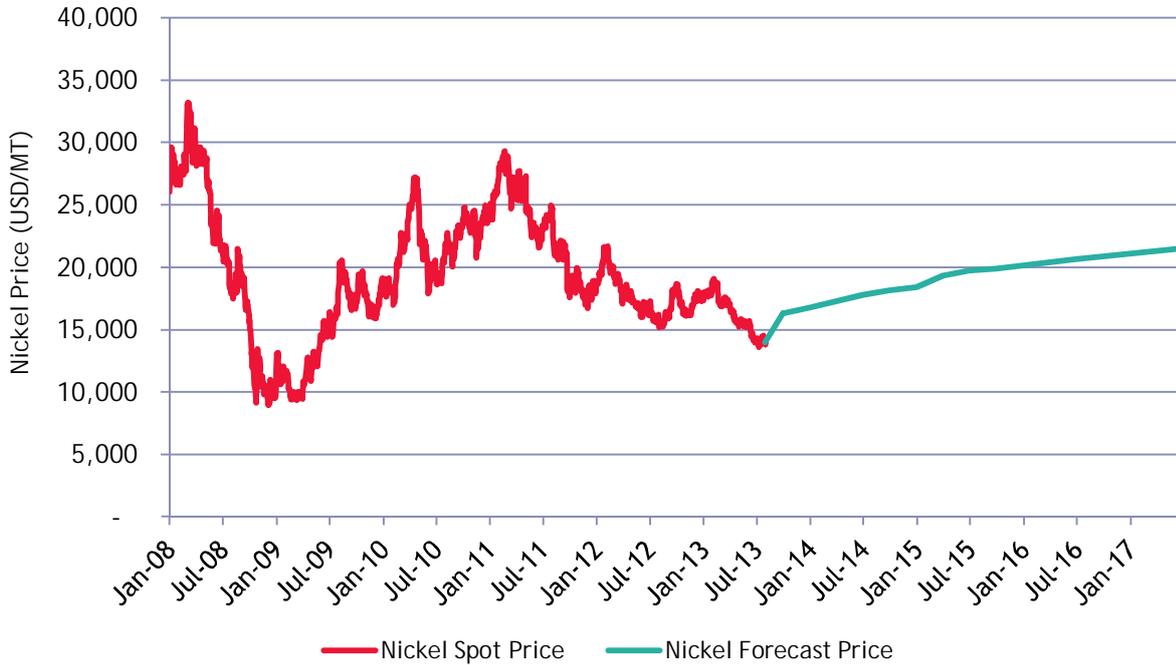
## 8. Industry analysis

### 8.1 Nickel

The success of the nickel mining industry in Australia is dependent upon the prices of nickel, the exchange rate between USD/AUD, nickel output and general demand and supply for the metal. Nickel is primarily used in the manufacturing of stainless steel products. Stainless steel accounts for nearly two-thirds of the consumption of nickel worldwide.

The global demand for stainless steel is currently being driven by the economic conditions in China. The figure below describes the fluctuations in nickel spot prices from 1 January 2008 through until 31 July 2013. It also shows Consensus forecasts for nickel prices through to 2017.

Nickel Spot and Forecast Price



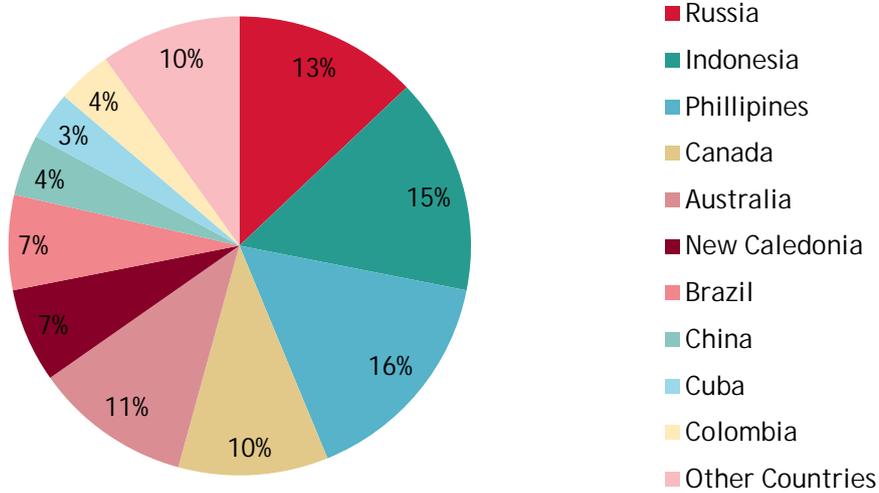
Source: Bloomberg and Consensus Economics

The figure above illustrates that nickel prices did not respond well during the economic recession that occurred as a result of the global financial crisis. Since then there has been a general improvement in the health of the economy, which has seen the demand for nickel as well as prices increase. Nickel prices are expected to marginally increase in the next few years, although not to the heights seen pre-GFC.

Nickel can be found in two different geological states, nickel sulphide and nickel laterite. The latter is associated with more complex mining processes and is therefore generally mined at newer mining sites. In Australia, approximately 80% of nickel is mined from its nickel sulphide geological state.

Total world production for nickel increased from 2011 to 2012. According to the US Geological Survey, nickel production in Australia increased from 215,000 to 230,000 metric tonnes over this period, making it the fourth largest producer in the world. This is reflected in the figure below, which provides a breakdown of total world production by country in 2012.

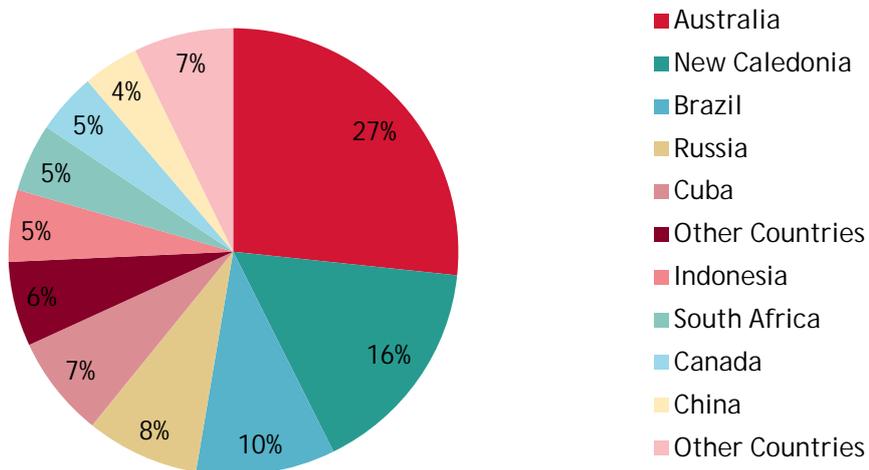
### Nickel Global Production 2012



Source: US Geological Survey

The potential output and rate of production of nickel are key factors in deciding whether or not Australian nickel mining companies will be able to compete globally. The figure below indicates the nickel resource potential in Australia. Australia has the largest nickel reserve holding approximately 27% of the world's total nickel reserves.

### Global Nickel Reserves 2012



Source: US Geological Survey

## 8.2 Gold

Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

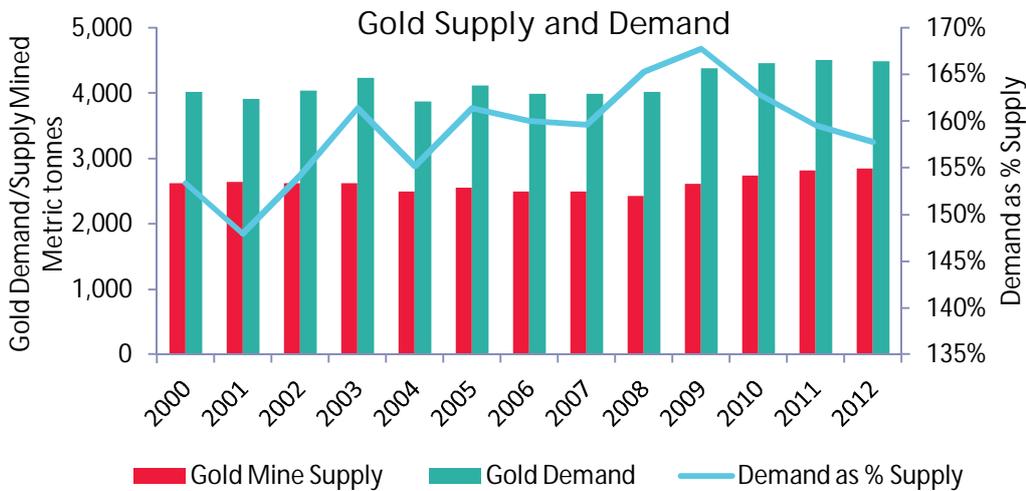
The price of gold fluctuates on a daily basis depending on global demand and supply factors. The price trend over the last two years is reflective of weak global economic conditions driving demand. As can be seen in the graph below, the value of gold peaked at US\$1,900 per ounce on 5 September 2011. This peak was largely caused by the recent debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold. Prices contracted in December 2011 reaching a low of US\$1,545 per ounce; however 2012 a recovery of the gold price with it reaching US\$1,790 per ounce on 4 October 2012, before declining to US\$1,675 per ounce at 31 December 2012. Gold prices have declined in 2013 which has seen the price fall below US\$1,400 per ounce in April 2013 and continue to decline to a low of US\$1,200 per ounce on 27 June 2013.

Although gold prices are forecast to increase in the short term, there appears to be a gradual decline in the three year period following, which should see the gold price settle just below US\$1,400 per ounce in 2016. Nevertheless, growth in global money supply, U.S dollar depreciation and overall uncertainty in global financial markets may continue to drive investors toward using precious metals as a store of value. This could be further fuelled by the rapidly increasing appetite for precious metals from China.



Source: Bloomberg and BDO Analysis

As illustrated in the chart below, gold mine production was approximately 2,842 metric tonnes in 2012 and gold consumption was 4,484 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during the past three years has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by approximately 12% between 2008 and 2012, with demand as a percentage of supply remaining at over 150% for the same period.



Source: Bloomberg and BDO Analysis

## 9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (“FME”)
- Discounted cash flow (“DCF”)
- Quoted market price basis (“QMP”)
- Net asset value (“NAV”)
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

### Opinion One - Acquisition of the Fraser Range Tenements

The consideration to be paid by Windward for the acquisition of a 70% interest in the Fraser Range Tenements consists of both Share Consideration and Cash Consideration. In our assessment of the value of the Share Consideration we have chosen to employ the following methodologies:

- Net asset value (“NAV”) - primary methodology
- Quoted market price basis (“QMP”) - secondary methodology

We have chosen these methodologies for the following reasons:

- Windward’s most significant asset is the rights to a 70% interest in tenements E70/4083 and E70/4085, held by NBX; as such we require an independent specialist valuation of these tenements. We instructed CSA Global Resource Industry Consultants (“CSA”) to provide an independent market valuation of these tenements in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 (“the Valmin Code”). CSA’s full report may be found in Appendix 3;

- Windward is listed on the ASX. This provides an indication of the market value where an observable market for the securities exists;
- Windward does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate; and
- Windward has no foreseeable future net cash inflows and therefore the application of DCF is not possible. Under RG111, it is considered that it is only appropriate to use a DCF where Reserves are present.

In order to value the 70% interest in the Fraser Range Tenements that Windward will acquire under the Transaction we have instructed CSA to act as independent specialist to value these assets in accordance with the Valmin Code. CSA's full report may be found in Appendix 3.

#### Opinion Two - Increase in the Creasy Group's shareholding in the Company

In order to assess the fairness of the increase in the Creasy Group's shareholding in the Company as a result of the Share Consideration, we will value the Share Consideration as per Opinion One above.

In order to value the portion of the 70% interest in the Fraser Range Tenements that the Share Consideration relates, we will rely on the CSA valuation provided as per Opinion One above. CSA's full report may be found in Appendix 3.

## 10. Valuation of Windward prior to the Transaction

### 10.1 Net Asset Value of a Windward share

The value of Windward's assets on a going concern basis is reflected in our valuation below:

	Notes	30-Jun-13 \$	Low value \$	Preferred value \$	High value \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	1	3,066,707	2,617,707	2,617,707	2,617,707
Trade and other receivables		7,778	7,778	7,778	7,778
Prepayments		1,874	1,874	1,874	1,874
<b>TOTAL CURRENT ASSETS</b>		<b>3,076,359</b>	<b>2,627,359</b>	<b>2,627,359</b>	<b>2,627,359</b>
<b>NON-CURRENT ASSETS</b>					
Exploration expenditure	2	-	749,000	949,000	1,249,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>749,000</b>	<b>949,000</b>	<b>1,249,000</b>
<b>TOTAL ASSETS</b>		<b>3,076,359</b>	<b>3,376,359</b>	<b>3,576,359</b>	<b>3,876,359</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		23,335	23,335	23,335	23,335
<b>TOTAL CURRENT LIABILITIES</b>		<b>23,335</b>	<b>23,335</b>	<b>23,335</b>	<b>23,335</b>
<b>TOTAL LIABILITIES</b>		<b>23,335</b>	<b>23,335</b>	<b>23,335</b>	<b>23,335</b>
<b>NET ASSETS</b>		<b>3,053,024</b>	<b>3,353,024</b>	<b>3,553,024</b>	<b>3,853,024</b>
Shares on issue (number)			25,442,500	25,442,500	25,442,500
Value per share (\$)			\$0.132	\$0.140	\$0.151

We have been advised that there has not been a significant change in the net assets of Windward since 30 June 2013. The table above indicates the net asset value of a Windward share is between \$0.132 and \$0.151, with a preferred value of \$0.140.

The following adjustments were made to the net assets of Windward as at 30 June 2013 in arriving at our valuation.

#### Note 1 - Cash and cash equivalents

Under the terms of the Farm-in and Joint Venture Agreement with NBX, Windward has the right to earn up to a 70% interest in the E70/4083 and E70/4085 tenements. 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% interest.

We have been advised that the Company has spent approximately \$151,000 on these tenements as at 30 June 2013. Therefore, in order to obtain its 70% interest the Company must spend a further \$449,000. We have reduced the cash balance by \$449,000 as at 30 June 2013 to reflect the remaining amount the Company is required to spend in order to obtain a 70% interest in these tenements.

## Note 2 - Exploration expenditure

We instructed CSA to provide an independent market valuation of tenements E70/4083 and E70/4085 in which Windward holds the rights to a 70% interest. CSA considered a number of different valuation methods when valuing these tenements. CSA applied the market approach, which utilises transactions between 2006 and 2013 to obtain an implied cash-equivalent value per square kilometre and the Kilburn Method which defines a value based on geological prospectivity. We are satisfied with the valuation methodologies adopted by CSA which are in accordance with industry practices and compliant with the requirements of the Valmin Code. The range of values for a 70% interest in these tenements as calculated by CSA is set out below:

Windward Resources Limited		Low value	Preferred value	High value
E70/4083 & E70/4085	Interest	\$m	\$m	\$m
Valuation of E70/4083 & E70/4085	70%	0.30	0.50	0.80
Additional expenditure to obtain 70% interest		0.45	0.45	0.45
Total		0.75	0.95	1.25

In order to obtain its 70% interest in tenements E70/4083 and E70/4085 the Company must spend a further \$449,000. We have therefore increased the value of these tenements by this amount on the assumption that each dollar spent on the tenements will increase the value by that amount.

The table above indicates a range of values between \$0.75 million and \$1.25 million, with a preferred value of \$0.95 million for a 70% interest in these tenements.

### 10.2 Quoted Market Prices for a Windward share

To provide a comparison to the valuation of a Windward share in section 10.1, we have also assessed the quoted market price for a Windward share. The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

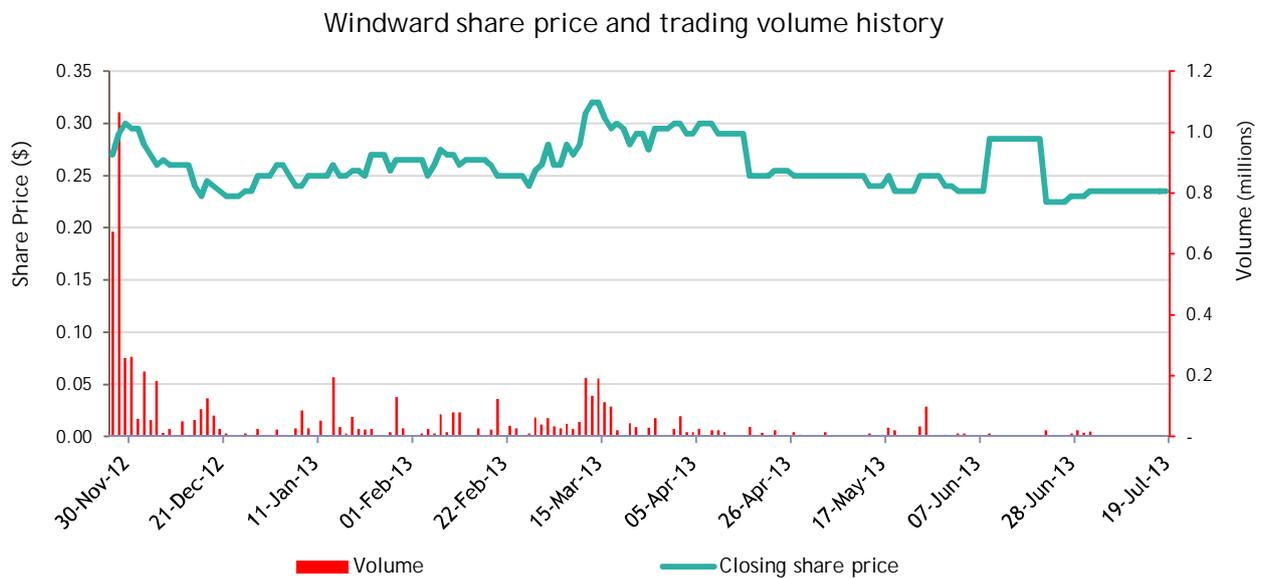
RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in section 14.

Therefore, our calculation of the quoted market price of a Windward share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

## Minority interest value

Our analysis of the quoted market price of a Windward share is based on the pricing prior to the announcement of the Transaction. This is because the value of a Windward share after the announcement may include the affects of any change in value as a result of the Transaction. However, we have considered the value of a Windward share following the announcement when we have considered reasonableness in section 14.

We note that Windward was in a trading halt from 22 July 2013 and that information on the Transaction was announced to the market on 24 July 2013. Therefore, the following chart provides a summary of the share price movement since the Company listed on the ASX on 28 November 2012 up until 19 July 2013 which was the last full trading day prior to the trading halt and the announcement.



Source: Bloomberg and BDO analysis

The daily closing price of Windward shares from its ASX listing date to 19 July 2013 has ranged from a low of \$0.225 on 24 June 2013 to a high of \$0.320 on 14 March 2013. The most significant trading volumes were experienced in the days following the Company's admission to the ASX on 28 November 2012 and 29 November 2012 where 0.67 million shares and 1.06 million shares were traded respectively.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
28/06/2013	Appointment of Managing Director	0.230	▲ 2%	0.230	▶ 0%
24/04/2013	Quarterly Activities and Cash Flow Report	0.255	▲ 2%	0.250	▼ 2%
29/01/2013	Quarterly Activities and Cash Flow	0.255	▼ 6%	0.265	▲ 4%

Report							
28/11/2012	Windward Resources Commences Trading on ASX	0.270	N/A	N/A	0.295	▲	9%

Note: Windward only listed on 28 November 2012, some cells have been marked as N/A as no data exists for those dates.

Source: Bloomberg and BDO analysis

Windward has made limited price sensitive announcements to the market since listing on the ASX in November 2012. The largest price movement as a result of a price sensitive market announcement occurred on 29 January 2013 when the Company announced its quarterly activities and cash flow report. The share price rose by 4% to close at \$0.265 three days after this announcement.

To provide further analysis of the market prices for a Windward share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 19 July 2013.

	19 July 2013	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.235				
Weighted Average		\$0.235	\$0.234	\$0.243	\$0.276

Source: Bloomberg and BDO analysis

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of Windward shares that has occurred since the Transaction was announced.

An analysis of the volume of trading in Windward shares since its listing on the ASX up until the date of the announcement of the Transaction is set out below:

	Closing share price low	Closing share price high	Cumulative Volume traded	As a % of Issued capital
1 trading day	\$0.235	\$0.235	-	0.00%
10 trading days	\$0.235	\$0.235	-	0.00%
30 trading days	\$0.225	\$0.285	88,274	0.35%
60 trading days	\$0.225	\$0.285	344,931	1.36%
90 trading days	\$0.225	\$0.320	1,015,829	3.99%
168 trading days*	\$0.225	\$0.350	6,435,952	25.30%

Note: Windward has only had 168 trading days since it was listed on the ASX

Source: Bloomberg and BDO analysis

This table indicates that Windward's shares display a medium level of liquidity, with 25.30% of the Company's current issued capital being traded in an approximate six month period between the Company's listing on the ASX and the announcement of the Transaction. For the quoted market price

methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Windward, we do not consider the market to be deep. Although 25.30% of the shares on issue have been traded in an approximate six month period prior to the announcement date, we note that the majority of these trades occurred in the one month period following Windward's admittance to the ASX. If we were to exclude this period then only a small proportion of the Company's shares would have been traded in the period between ASX listing and announcement date.

Our assessment is that a range of values for Windward shares based on market pricing, after disregarding post announcement pricing, is between \$0.235 and \$0.243, with a midpoint of \$0.239.

## Control Premium

We have reviewed the announced control premiums paid by acquirers of ASX-listed gold and nickel companies over the period 2006 to 2013.

Criteria	Transaction Period	Number of Transactions	Average Deal Value (US\$m)	Average Control Premium
ASX-listed gold and nickel companies	2006 - present	75	469.15	32.97%

Source: Bloomberg & BDO Analysis

The table below provides a yearly breakdown of the announced control premiums relating to the acquisitions of ASX-listed gold and nickel companies that we have included in our analysis above.

Year	Number of Transactions	Average Deal Value (US\$m)	Average Control Premium
2013	0	-	-
2012	10	225.64	43.54
2011	10	933.90	22.60
2010	12	1,162.57	55.71
2009	15	118.56	28.06

2008	4	335.71	30.99
2007	13	452.84	32.74
2006	11	54.82	17.18

Source: Bloomberg & BDO Analysis

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

The yearly average announced control premia paid by acquirers of ASX-listed gold and nickel companies has been relatively stable with the exception of 2006 and 2010. We note the higher average control premium in 2010 was the result of acquisitions made by African Barrick Gold and Kingsgate Consolidated Ltd which had control premiums greater than 80%. After excluding these outliers, the average control premium in 2010 reduces to 35%. Based on the results above, we consider the long term control premium paid for ASX-listed gold and nickel companies is in the order of 25% to 35%.

If the Transaction is approved and the Company only achieves the minimum subscription level under the Capital Raising, the Creasy Group will increase their holding in Windward from 30.46% to a maximum of 41.30%. However, the Company has received firm commitments from investors to raise approximately \$10.9 million (before costs) under the Capital Raising. If this is achieved the Creasy Group's holding in the Company will be diluted to 30.12%. Therefore, it is likely that the Creasy Group's holding will not change substantially as a result of the Transaction. We believe that a control premium should be included in regard to the valuation of the Share Consideration, however we believe this should be at a discount to the control premium calculated above. Taking these factors into consideration, we believe that a control premium of 12.5% to 17.5% to be appropriate under these circumstances.

### Quoted market price including control premium

Applying a control premium to Windward's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted market price value	0.235	0.239	0.243
Control premium	12.5%	15%	17.5%
Quoted market price valuation including a premium for control	0.264	0.275	0.286

### 10.3 Assessment of Windward Value

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
NAV methodology (section 10.1)	0.132	0.140	0.151
QMP methodology on a controlling interest basis (section 10.2)	0.264	0.275	0.286

We note that there exists a significant variance between the value of a Windward share determined under the NAV methodology and the QMP methodology.

Windward listed on the ASX less than one year ago through an initial public offering with an issue price of \$0.20. From our analysis of the quoted market price of a Windward share we note that a significant portion of Windward's shares are still under escrow from its initial listing date which has resulted in 25.30% of the Company's issued capital being traded in a six month period. We note that a substantial portion of these shares traded occurred over a two day period upon the Company being admitted to the ASX. Under RG111.69 (d), the QMP methodology is considered an appropriate methodology when a liquid and active market exists for the securities. We consider that due to Windward having limited liquidity since being admitted to the ASX, in addition to the relatively short period that the Company has been listed, that we do not consider there to be a liquid and active market for Windward securities. However, we note that the Capital Raising to be undertaken by the Company, which is conditional on the Transaction, has an issue price of \$0.25 per share. The Company has received firm commitments from investors to raise \$10.9 million (before costs), which is above the minimum subscription level, which provides some support for the use of our QMP methodology.

Therefore we have taken the preferred values under the NTA methodology and the QMP methodology to obtain a valuation range for a Windward share. The value of a Windward share on a controlling interest basis is between \$0.140 and \$0.275, with a preferred value of \$0.207.

The Share Consideration consists of 18,772,031 Windward shares, therefore the value of the Share Consideration is shown in the table below:

Windward Resources Limited	Low value	Preferred value	High value
Share Consideration	\$	\$	\$
Value of a Windward share	0.140	0.207	0.275
Number of shares	18,772,031	18,772,031	18,772,031
Total value of Share Consideration	2,621,499	3,885,810	5,162,309

The table above indicates a range of values for the Share Consideration of between \$2.62 million and \$5.16 million, with a preferred value of \$3.89 million

## 11. Valuation of Fraser Range Tenements

We instructed CSA to provide an independent market valuation of a 70% interest in the Fraser Range Tenements which are the subject of the Transaction. CSA considered a number of different valuation methods when valuing the Fraser Range Tenements. CSA applied the market approach, which utilises transactions between 2006 and 2013 to obtain an implied cash-equivalent value per square kilometre and the Kilburn Method which defines a value based on geological prospectivity.

We are satisfied with the valuation methodologies adopted by CSA which are in accordance with industry practices and compliant with the requirements of the Valmin Code. The range of values for a 70% interest in the Fraser Range Tenements as calculated by CSA is set out below:

Windward Resources Limited		Low value	Preferred value	High value
Fraser Range Tenements	Interest	\$m	\$m	\$m
Fraser Range North Project	70%	2.50	4.90	6.10
Fraser Range South Project	70%	1.50	3.00	4.50
Total value of Fraser Range Tenements		4.00	7.90	10.60

The table above indicates a range of values for a 70% interest in the Fraser Range Tenements of between \$4.0 million and \$10.6 million, with a preferred value of \$7.9 million.

## 12. Is the acquisition of the Fraser Range Tenements fair?

In our assessment of fairness of the acquisition of the Fraser Range Tenements we have compared the value of a 70% interest in the Fraser Range Tenements to the value of the Share Consideration and the Cash Consideration to be provided by Windward, as shown in the table below:

	Ref	Low \$m	Preferred \$m	High \$m
Value of Share Consideration	10.3	2.62	3.89	5.16
Value of Cash Consideration	4	3.00	3.00	3.00
Value of consideration to be provided by Windward		5.62	6.89	8.16
Value of a 70% interest in the Fraser Range Tenements	11	4.00	7.90	10.60

We note from the table above that the preferred value of a 70% interest in the Fraser Range Tenements is greater than the value of the total consideration to be provided by Windward. Therefore, we consider that the acquisition of the Fraser Range Tenements is fair for Shareholders.

According to RG 76, in deciding whether the Arm's Length Exception applies, amongst other things, the terms on which the financial benefit is given should be compared to the objective range of possible terms that these unrelated, uninfluenced and self-interested parties would reasonably arrive at in the circumstances.

We note from the table above that the preferred value of a 70% interest in the Fraser Range Tenements is greater than the value of the total consideration to be provided by Windward. Therefore, we consider that the Arm's Length Exception applies and the Transaction is on terms that are reasonable in the circumstances if the Company and the Creasy Group were dealing on arm's length terms (as that concept is used in section 210 of the Act).

## 13. Is the increase in the Creasy Group's shareholding in the Company fair?

In our assessment of fairness of the increase in the Creasy Group's shareholding in the Company we have compared the value of the Share Consideration and the value of the 70% interest in the Fraser Range Tenements that the Share Consideration relates.

In order to value a 70% interest in the Fraser Range Tenements that the Share Consideration relates, we have reduced the valuation of the Fraser Range Tenements by the value of the Cash Consideration, being \$3 million. Therefore, the value of the Fraser Range Tenements that relates to the Share Consideration is between \$1.0 million and \$7.6 million, with a preferred value of \$4.9 million.

	Ref	Low \$	Preferred \$	High \$
Value of Share Consideration	10.3	2.62	3.89	5.16
Value of a 70% interest in the Fraser Range Tenements that the Share Consideration relates		1.00	4.90	7.60

We note from the table above that the preferred value of a 70% interest in the Fraser Range Tenements that the Share Consideration relates is greater than the value of the Share Consideration to be provided by Windward. Therefore, we consider that the increase in the Creasy Group's shareholding in the Company is fair for Shareholders.

## 14. Is the Transaction reasonable?

### 14.1 Practical Level of Control

At the date of this report the Creasy Group holds 30.46%. If the Transaction is approved then the Creasy Group's holding in the Company could increase to a maximum of 41.30%. However, we note that if all firm commitments are received in regard to the Capital Raising and the Company raises \$10.9 million (before costs), the Creasy Group's holding will be diluted to 30.12%.

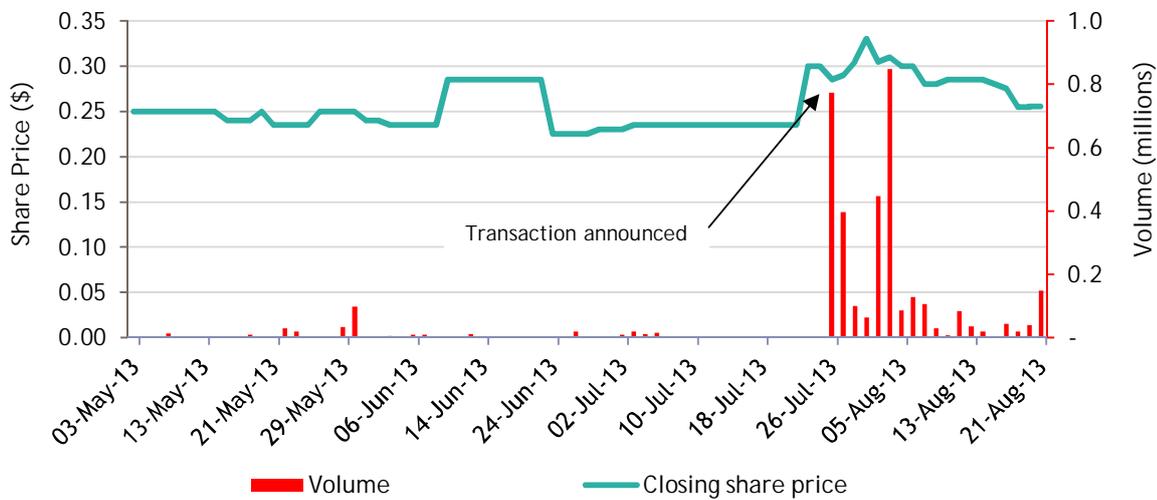
When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Transaction is approved, and only the minimum subscription is achieved under the Capital Raising, then the Creasy Group will still be able to block special resolutions and will only require a further 8.7% in order to pass general resolutions. However, if all firm commitments are received in regard to the Capital Raising there will be minimal change to the Creasy Group's holding in the Company.

### 14.2 Consequences of not Approving the Transaction

#### Potential decline in share price

We have analysed movements in Windward's share price since the Transaction was announced. A graph of Windward's share price since the announcement is set out below.

Winward share price and trading volume history



Source: Bloomberg and BDO Analysis

The announcement of the Transaction was made to the market on 24 July 2013. On that day approximately 0.77 million shares were traded and Windward’s share price closed at \$0.30, an increase of 27.7% from the closing share price of \$0.235 on the previous day. Windward’s share price has continued to trade between a low of \$0.255 and a high of \$0.36 since the announcement of the Transaction. On 21 August 2013, the Company’s share price closed at \$0.255.

Given the above analysis it is possible that if the Transaction is not approved then Windward’s share price may decline back to pre-announcement levels.

### 14.3 Advantages of Approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

Advantage	Description
The Company retains cash to use for other purposes	The consideration for the Transaction consists of both cash and scrip. The Share Consideration component allows the Company to acquire the Fraser Range Tenements whilst retaining cash to use for other purposes such as an exploration program.
The Fraser Range Tenements are in the same locality as current Windward tenements	<p>The Fraser Range South Project, which is the subject of the Transaction, is located in the Albany Fraser terrane. This is the same location as Windward’s current tenements, E70/4083 and E70/4085. This will benefit Windward as the Company is familiar with the region and has already performed exploration in this region.</p> <p>Tenement E69/2989, which is part of the Fraser Range North Project, is located only a short distance from Sirius Resources NL’s Nova Nickel/Copper Deposit.</p>

Firm commitments received for Capital Raising upon the announcement of the Transaction	A condition of the Transaction is that Windward receives valid applications of a minimum \$5 million under the Capital Raising. To date, the Company has received firm commitments to raise approximately \$10.9 million. These commitments have been received on the assumption that the funds raised will be used to fund the acquisition of the Fraser Range Tenements and for an exploration program. If the Transaction is not approved, the Company may not be able to raise these funds.
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No changes to current operating arrangements	We are not aware of any operational changes that the Creasy Group wishes to introduce if the Transaction is approved and there has been no indication from the Creasy Group that they intend to change Windward’s business as conducted by the current management.
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#### 14.4 Disadvantages of Approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing Shareholders’ interest	<p>Under the Transaction, Windward will issue a total of 18,772,031 shares to the Creasy Group. If Shareholders approve the Transaction, the current Windward shareholders’ ownership will be diluted from 69.54% to a minimum of 58.70% on the assumption that only the minimum subscription under the Capital Raising is reached. The capacity of shareholders to influence the operations of the Company will therefore be reduced.</p> <p>However, we note that the Company has received firm commitments for the issue of 43,842,500 fully paid ordinary shares under the Capital Raising. If this is achieved, the Creasy Group’s shareholding will be diluted to 30.12% which is similar to its current holding prior to the Transaction.</p>
The Creasy Group will gain an increased level of control over Windward	If the Transaction is approved, the Creasy Group will increase its shareholding interest from 30.46% to a maximum of 41.30%, meaning the Creasy Group will be able to further influence any voting on the activities of Windward.

## 15. Conclusion

### Opinion One - Acquisition of the Fraser Range Tenements

We have considered the terms of the acquisition of the Fraser Range Tenements as outlined in the body of this report and have concluded that, in the absence of any other information, the acquisition is fair and reasonable to the Shareholders of Windward.

### Opinion Two - Increase in the Creasy Group's shareholding in the Company

We have considered the terms of the increase in the Creasy Group's shareholding in the Company as outlined in the body of this report and have concluded that, in the absence of any other information, the increase in the Creasy Group's shareholding is fair and reasonable to the Shareholders of Windward.

## 16. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Windward for the year ended 30 June 2013;
- Reviewed financial statements of Windward for the half-year ended 31 December 2012;
- Signed binding term sheet between Windward and the vendors regarding the sale and purchase of the Fraser Range Tenements;
- Independent Valuation Report of Windward's mineral assets and the Fraser Range Tenements dated 22 August 2013 performed by CSA Global Resource Industry Consultants;
- Share registry information for Windward;
- Information in the public domain; and
- Discussions with Directors and Management of Windward.

## 17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$22,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Windward in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Windward, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Windward and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Windward and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Windward, or their associates, other than in connection with the preparation of this report.



A draft of this report was provided to Windward and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

## 18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Sherif Andrawes of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 15 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

## 19. Disclaimers and consents

This report has been prepared at the request of Windward for inclusion in the Explanatory Memorandum which will be sent to all Windward Shareholders. Windward engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal for Windward to acquire a 70% interest in exploration tenements from entities controlled by Mark Creasy.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the Creasy Group. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Windward, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Windward and the mineral assets to be acquired being the Fraser Range Tenements.

The valuer engaged for the mineral asset valuation, CSA Global Resource Industry Consultants, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and the assumptions made in arriving at their valuations are considered appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Adam Myers

Director



Sherif Andrawes

Director

## Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 (Cth)
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
Arm's Length Exception	If the financial benefit is given on terms that are reasonable in the circumstances as if the company and related party were dealing at arm's length
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Capital Raising	Windward intends to raise \$10 million at a minimum issue price of \$0.25 per share
Cash Consideration	\$2.80 million plus the reimbursement of the amount spent on developing the Fraser Range Tenements between 23 April 2013 and the completion of the Transaction (estimated to be \$200,000)
The Company	Windward Resources Limited
Creasy Group	Entities controlled by Mark Creasy
CSA	CSA Global Resource Industry Consultants
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
Fraser Range Tenements	The exploration tenements that are the subject of the Transaction which consist of the Fraser Range North Project and the Fraser Range South Project
NAV	Net Asset Value
NBX	NBX Pty Ltd
Opinion One	Whether or not the acquisition of the Fraser Range Tenements from a related party is fair and reasonable to the non associated shareholders of Windward Resources Limited



Opinion Two	Whether or not the increase in the Creasy Group's shareholding in the Company to a maximum of 41.30% is fair and reasonable to the non associated shareholders of Windward Resources Limited
RBA	Reserve Bank of Australia
Our Report	This Independent Expert's Report prepared by BDO
RG 74	Acquisitions agreed to by members (December 2011)
RG 76	Related party transactions (March 2011)
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Share Consideration	18,772,031 fully paid ordinary shares in Windward
Shareholders	Shareholders of Windward Resources Limited not associated with the Creasy Group
the Transaction	The proposal for Windward Resources Limited to acquire a 70% interest in exploration tenements from entities controlled by Mark Creasy
Valmin code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005
VWAP	Volume Weighted Average Price
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
Windward	Windward Resources Limited

## Appendix 2 – Valuation Methodologies

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Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value (“NAV”)*

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity’s assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis (“QMP”)*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.

### 3 *Capitalisation of future maintainable earnings (“FME”)*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

#### *4 Discounted future cash flows ("DCF")*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

#### *5 Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



## Appendix 3 - Independent Valuation by CSA

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**CSA Global**  
Resource Industry Consultants

CSA Global Pty Ltd  
Level 3, 201 Leichhardt Street  
Spring Hill, QLD 4000

PO Box 1077  
Spring Hill, QLD 4004  
Australia

T +61 7 3106 1200 E [csaqld@csaglobal.com](mailto:csaqld@csaglobal.com)

ABN 67 077 165 532

[www.csaglobal.com](http://www.csaglobal.com)

# **Independent Technical Valuation Report**

## **Annexure 3 to the BDO Independent Expert Report**





22<sup>nd</sup> August 2013

The Directors  
BDO Corporate Finance (WA) Pty Ltd  
38 Station Street  
Subiaco, Perth  
WA 6008

Dear Sirs,

**Re: Valuation of Windward's Projects**

CSA Global Pty Ltd ("CSA") has been commissioned by BDO Corporate Finance (WA) Pty Ltd ("BDO") to provide an Independent Technical Valuation Report ("Report") on the Fraser Range and Fraser Range South Projects ("Projects") located in the Albany-Fraser Orogen of Western Australia, which will be 70% beneficially owned and operated by Windward Resources Ltd ("Windward") following the completion of a transaction.

This Report is for inclusion in an Independent Experts Report ("IER") for inclusion with a Notice of Meeting to be sent to the shareholders of Windward. The Notice of Meeting will address, and BDO's IER will address, Windward's intention to enter into an agreement with Mark Creasy and his controlled entities ("Creasy Group") to acquire a 70% interest in tenements currently owned by the Creasy Group ("Transaction"). BDO's IER will provide an opinion to Windward's shareholders and as such it will be a public document.

CSA has based its valuation of the Windward's Projects on information available to the principal authors and by investigations of published and unpublished data as well as on information provided by Windward. CSA has relied upon discussions with Windward's management as well as recent company exploration reports for information contained within this valuation. A site visit has not been made to Windward's Projects as CSA is satisfied that there is sufficient information available to allow an informed appraisal to be made without an inspection.

This Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the "VALMIN Code"), which is binding upon Members of the Australian Institute of Geoscientists ("AIG") and the Australasian Institute of Mining and Metallurgy ("AusIMM").

This Independent Technical Report is complete up to and including 22<sup>nd</sup> August 2013. CSA has provided and not withdrawn written consent for the inclusion of the valuation of Windward's Projects in the Report, and to the inclusion of statements made by CSA and to the references to its name in other sections of the IER, in the form and context in which the Report and those statements appear.





Date: 22<sup>nd</sup> August 2013  
Report No: R286.2013

*Independent Expert's Report and Valuation*

**WINDWARD RESOURCES LIMITED**

**Valuation of Western Australian Projects**

**Albany Fraser Orogen, Western Australia**

**By**  
**Graham M. Jeffress**  
*BSc (Hons), MAIG, RPGeo*

For:

Windward Resources Limited  
Level 1, 8 Kings Park Road  
West Perth, WA 6005

Approved:

Electronic signature not for duplication. Electronic signature not for duplication.

\_\_\_\_\_  
Jeff Elliott  
Managing Director



# Executive Summary

Windward Resources Limited (“Windward”) is proposing to undertake a Transaction with entities controlled by the Creasy Group to acquire significant land holdings along the Albany-Fraser Orogen in Western Australia. The term sheet for the Transaction outlines the conditions under which Windward can acquire a 70% interest in the extensive package of exploration licences which cover over 9,000km<sup>2</sup> of the Albany Fraser Orogen (see Figure 1).

Historically the Albany-Fraser Orogen has only been subject to limited exploration due to its relatively remote location, lack of water for early prospectors and most importantly a paucity of outcrop. However, the discoveries of the Tropicana gold deposits and the recent Nova nickel-copper deposits discovery have led to a re-assessment of the geology and prospectivity of the belt.

Windward’s Projects comprise three groups of tenements in two parts of the Albany-Fraser Orogen:

1. The Fraser Range-LRG group (“LRG”), located 165 km southeast of Kalgoorlie;
2. The Fraser Range-Ponton (“Ponton”) group, near the LRG licences but covering different geology; and
3. The Fraser Range South group, stretching from west of Mount Barker to Bremer Bay.

Following completion of the Transaction Windward will hold a 70% interest in each Project.

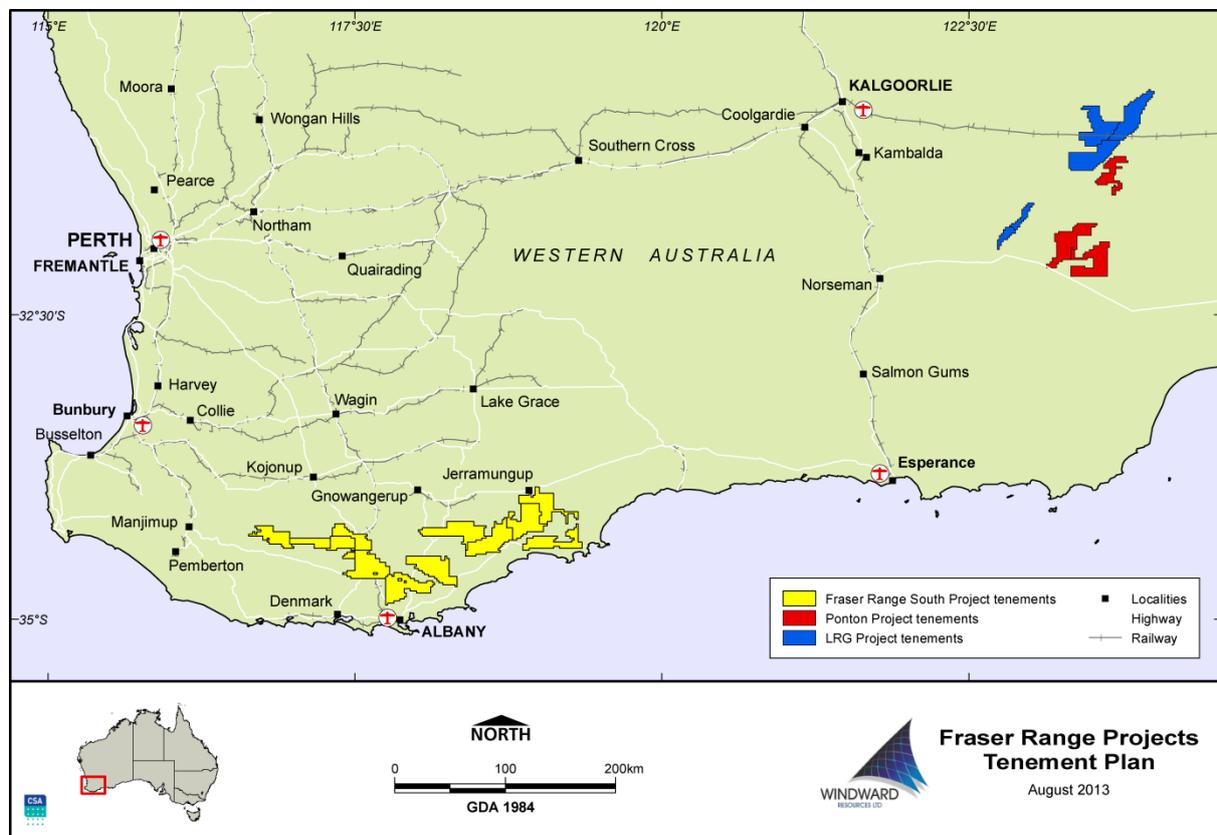


Figure 1: Windward Project Locations



The portfolio of tenements are considered to be Exploration Areas which have potential for the discovery and development of mineral deposits of several different types and varying geological settings, but most notably of gold and nickel-copper.

The Fraser Range–LRG group of tenements is largely within the Biranup and Northern Foreland Zones of the Albany Fraser Orogen. The LRG tenements are over vacant Crown land though there are native title claims affecting the area. Regional soil/calcrete geochemistry has identified a number of gold anomalies, the largest being the Brookman Prospect, in favourable structural settings that require continued exploration. Analogies with the Tropicana and Corvette gold systems can be drawn. Refinement of exploration techniques and increasing understanding of the controls of mineralisation in this challenging terrain are likely to deliver exploration success.

The Ponton group of tenements covers 600 km<sup>2</sup> of Fraser Range Metamorphics, the same host rocks as the Nova-Bollinger system that is located only 2 km from the tenement boundary. As with the adjacent LRG group, the Ponton tenements are also over vacant Crown land but with native title claims affecting the area. The craton margin model for magmatic nickel sulphide deposits is considered the underpinning model for the prospectivity of this Project. Additionally the Project has areas of shallow cover where soil geochemistry is likely to be an effective exploration tool; and furthermore the deposit style is particular amenable to electromagnetic geophysical exploration.

The Fraser Range South group of tenements cover the southwestern portion of the Albany-Fraser Orogen, and the southern extent of the Southwest Gneiss Terrane of the Yilgarn Craton. The tenement group covers largely freehold land – a mixture of rural and residential properties, and covers small portions of National Parks, Nature Reserves, and Public Works Crown Land. The nature of exploration required is therefore somewhat different from traditional exploration, requiring a formulated exploration approach to deal with a large number of independent land holders potentially affected by exploration. The Project area has been assessed as moderate prospectivity in term of gold, base metals, and uranium. Little gold exploration has been conducted across the licence areas, and coupled with at least two documented occurrences of gold, a reconnaissance assessment for gold is recommended with both the Archaean and Proterozoic terranes being prospective. As well, an assessment of magnetite iron ore and nickel sulphide potential, based on targeting the same host rocks as the Southdown and Rocky Gully projects, respectively, is required.

CSA has not made site visits to Windward’s Projects since CSA considers them all to be at an early stage of exploration and evaluation, in areas with only very limited outcrop, and it is therefore CSA’s opinion that no significant additional benefit would be gained from a visit to the site. In addition, CSA is satisfied that there is sufficient information available to allow an informed appraisal to be made without site inspections.

It is the professional opinion of CSA that further exploration work is warranted for all of the Projects. Whilst there has been work completed thus far at each tenement group, further work is required to improve the geological understanding, to generate new exploration targets, to fully test identified targets, assess new targets and to consider the commercial viability of the mineral assets.

The valuation presented in this Report was completed on behalf of BDO using information provided by and with the full support of Windward. The applicable valuation date is 22<sup>nd</sup> August 2013. The Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (“VALMIN Code”).



Valuation of the projects has chiefly relied on the Market Approach (Comparable Transactions) method. The Geoscience Factor (Kilburn) method has also been used for comparison with the Market Approach results.

Different Implied Values were applied to the Fraser Range and Fraser Range South Project packages reflecting the varying degree of perceived prospectivity, market focus on the Fraser Zone and Nova discovery and extent of exploration completed.

Based on a series of Comparable Transactions dating back to 2006, it is estimated that the value of Windward's 70% interest in the Fraser Range Project (LRG and Ponton tenement groups) lies between \$2.5M and \$6.1M with a Preferred Value of \$4.9M. The Preferred Value uses an Implied Value close to the median transaction value and is close agreement with relevant transactions in the past 12 months.

The value of Windward's 70% interest in the Fraser Range South Project (excluding the current JV licences) lies between \$1.5M and \$4.5M, with a Preferred Value of \$3.0M.

The value of the current 70% Windward JV tenements in the Fraser Range South group of tenements is estimated to be within the range \$0.1M to \$0.4M, with a Preferred Value of \$0.3M.

The lower Implied Values for the Fraser Range South Project reflect the limited number of transactions for this part of the Yilgarn and the general limited success thus far in the identification of economic deposits.

**Overall, the Preferred Value for the 70% Windward interest in the Projects (excluding the current JV tenements) is \$7.9M, from a range of \$3.9M to \$10.6M; and the Preferred Value of the JV tenements is \$0.5M, from a range of \$0.3M to \$0.8M.**

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

**Table 1: Summary of Valuations using the Market Approach**

Tenement Group	Mineral Asset	Ownership	Granted Area km <sup>2</sup>	Valuation using Market Approach		
				Low	High	Preferred
				\$M	\$M	\$M
Fraser Range-LRG	(Advanced) Exploration Area	70%	2,000	1.4	3.5	2.8
Fraser Range-Ponton	Exploration Area	70%	1,497	1.1	2.6	2.1
Fraser Range South (excluding current JV ELs)	Exploration Area	70%	4,289	1.5	4.5	3.0
<b>Totals</b>			<b>7,786</b>	<b>3.9</b>	<b>10.6</b>	<b>7.9</b>
Fraser Range South (CURRENT JV ELs)	Exploration Area	70%	767	0.3	0.8	0.5

Notes:

1. Only granted tenements have been considered – the uncertainty of grant for applications means that they are not considered for valuation purposes.

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# 1 Introduction

## 1.1 Context, Scope and Terms of Reference

Windward Resources Limited (“Windward” or the “Company”; ASX:WIN) is a public company listed on the Australian Securities Exchange (“ASX”). Windward have recently announced (ASX 24<sup>th</sup> July 2013) the signing of a binding term sheet to acquire significant land holdings along the Albany-Fraser Orogen. The term sheet is with entities controlled by the Creasy Group to acquire a 70% interest in an extensive package of exploration licences covering over 9,000km<sup>2</sup>.

The acquisition is conditional upon the following being satisfied or waived by 31<sup>st</sup> October 2013:

- Completion of due diligence by Windward to its sole satisfaction;
- Ministerial consent to the sale, as required under the Mining Act;
- Windward’s shareholders approving all required resolutions for the Transaction and capital raising, including the issue of up to approximately 78 million shares and the issue to the Creasy Group of up to approximately 41.3% in Windward (in the event a minimum of \$5 million is raised under the capital raising);
- Independent expert opinion confirming that the Transaction is fair and reasonable to non-associated Windward shareholders;
- Windward receiving valid applications of a minimum of \$5m under the capital raising; and
- All necessary waivers and consents under any third party agreements being obtained.

Windward has received firm commitments for the issue of 43,482,500 fully paid ordinary shares at an issue price of 25 cents per share to raise \$ 10,960,625 (before costs) to fund the acquisition of Fraser Range and Fraser Range South Projects and to undertake proposed exploration programmes.

The firm commitments obtained under the capital raising are conditional upon completion of the terms agreed between Creasy Group and Windward, shareholder approval for completion of the Transaction and the capital raising, and no material adverse change to the projects prior to 31<sup>st</sup> October 2013.

The Company has engaged BDO Corporate Finance (WA) Pty Ltd (“BDO”) to prepare an Independent Expert’s Report (“IER”) for inclusion with a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of Windward. The IER is being prepared for inclusion in a Notice of Meeting seeking shareholder approval for completion of the Terms and the Capital Raising.

BDO has in turn commissioned CSA Global Pty Ltd (“CSA”) to prepare an Independent Technical Valuation Report (“Report”) for inclusion in the IER. The Report, or a summary of it, is to be appended to the IER, and as such, will become a public document.

## 1.2 Compliance with the VALMIN Code 2005

This Valuation has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (“VALMIN Code”), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“AusIMM”), and the Australian Institute of Geoscientists (“AIG”).

The author has taken due note of the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (“ASIC”) and the ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

### **1.3 Principal Sources of Information**

This Report has been based upon information available up to and including 22<sup>nd</sup> August 2013 (“Valuation Date”). The information was provided to CSA by Windward or has been sourced from the public domain, and includes both published and unpublished technical reports prepared by consultants, and other data relevant to the Project area.

The author has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this report is based. Windward and BDO were provided a final draft of this Report and requested to identify any material errors or omissions prior to its lodgement.

A site visit was not made to Windward’s Projects since CSA considers them all to be at an early stage of exploration and evaluation, in areas with only very limited outcrop, and it is therefore CSA’s opinion that no significant additional benefit would be gained from a visit to the site. In addition, CSA is satisfied that there is sufficient information available to allow an informed appraisal to be made without site inspections.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 22<sup>nd</sup> August 2012 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

### **1.4 Author of the Report**

This Report has been prepared by CSA Global Pty Ltd. The primary author of the report is CSA's Principal Geologist Mr Graham Jeffress BSc.(Hons), a Member of the Australian Institute of Geoscientists and a Registered Professional Geologist (“RPGeo”), who has worked for over 20 years as a professional geologist with experience in the exploration for, evaluation and mining of mineral properties within Australia and worldwide. Mr Jeffress has the relevant qualifications, experience, competence and independence to be considered an “Expert” under the definitions provided in the VALMIN Code and a “Competent Person” as defined in the JORC Code.

### **1.5 Independence**

Neither CSA, nor the authors of this report, has or has had previously, any material interest in Windward or the mineral properties in which Windward has an interest. CSA’s relationship with Windward is solely one of professional association between client and independent consultant.

CSA is an independent geological consultancy. Fees are being charged to Windward at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the report. The fee for the preparation of this report is approximately \$20,000–25,000.

No member or employee of CSA is, or is intended to be, a director, officer or other direct employee of Windward. No member or employee of CSA has, or has had, any shareholding in Windward.

There is no formal agreement between CSA and Windward as to Windward providing further work for CSA.

## **1.6 Declarations**

This Report has been prepared by CSA Global Pty Ltd at the request of, and for the sole benefit of BDO. Its purpose is to provide an Independent Technical Assessment and Valuation of the Fraser Range and Fraser Range South Projects. The Report is to be included in its entirety or in summary form within an IER to be prepared by BDO in connection with a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of Windward for inclusion in a Notice of Meeting seeking shareholder approval for, amongst other things, completion of the Terms of the Acquisition and the Capital Raising.

It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The information in this report that relates to exploration results relating to Windward's Projects is based upon information compiled by Graham M. Jeffress, RPGeo, who is a Member of the Australian Institute of Geoscientists. Mr Jeffress is employed by CSA Global Pty Ltd, independent resource industry consultants. Mr Jeffress has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jeffress consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. All parties have consented to the inclusion of their work for the purposes of this announcement.

CSA has consented to the inclusion of the Report within the IER in the form and context in which it is to appear. Neither the whole nor any part of the Report, nor any reference to it, may be included in or with, or attached to any other documents, circular, resolution, letter or statement without the prior written consent of CSA as to the form and context in which it is to appear.

## 2 Regional Geology

### 2.1 Phanerozoic Geology

The youngest geological units in the Fraser Range Project area are the widespread, weakly-vegetated aeolian dunes and intervening alluvial and colluvial deposits. These longitudinal dunes have been produced by an arid climate and the presence of generally westerly winds during periods of aridity during the Quaternary.

Underlying the most recent unconsolidated surficial sediments is a sequence of essentially flat-lying Cainozoic sediments deposited in the Eucla Basin to the northeast. In recent times, these sediments have been reviewed following extensive exploration and drilling for mineral sands in the eastern section of the Eucla basin. Unconformably lying beneath the Cainozoic sediments are Cretaceous-age sediments of the Loongana and Madura Formations. These comprise conglomerate, sandstone, siltstone and mudstone, with the finer-grained rocks being characterised by glauconitic and carbonaceous material. The Permian-age sediments of the Patterson Formation are dominated by poorly-sorted conglomerate, sandstone and claystone of glaciogene or fluvio-glacial origin.

In the Fraser Range South Project area, Phanerozoic rocks are related to the Bremer Basin sediments which overlie earlier sediments of the Albany Sub-basin. This occurred during the continental break-up of Australia from Antarctica in the Cretaceous period. Shallow marine and continental sediments of the Plantagenet Group were deposited in the Middle-Late Eocene over the southern Yilgarn Block and the Albany-Fraser Orogen, infilling valleys and broad shallow depressions. The Plantagenet Group comprises the Werillup Formation (fluvial, lacustrine sediments) and the overlying Pallinup Siltstone which includes spongolite and spiculite members. Facies within the Plantagenet Group are related to a series of transgressive-regressive cycles that took place during the depositional period.

### 2.2 Precambrian Geology

Unconformably underlying the Phanerozoic cover sediments are crystalline Proterozoic rocks that were subjected to the Albany-Fraser Orogen. This arcuate belt of rocks extends along the southern and south-eastern margin of the Yilgarn Craton, which is part of the West Australian Craton. It is characterised by high-grade mafic and felsic gneisses together with granites produced in the collision of the Yilgarn and the East Antarctic Cratons between 1345 and 1100 Ma.

The following summary is précised from Spaggiari et al (2009, 2011).

The orogen is interpreted to be part of the larger Australo-Antarctic, Albany-Fraser–Wilkes Orogen that was linked prior to the breakup of Gondwana.

To the west, the Albany–Fraser Orogen is truncated by the late Mesoproterozoic to Neoproterozoic Darling Fault Zone and Pinjarra Orogen. To the northeast, it is overlain by the Officer and Gunbarrel Basins, but shares a similar temporal Mesoproterozoic history with the Musgrave Province. The eastern margin of the Albany–Fraser Orogen is obscured by the Eucla Basin.

The Albany–Fraser Orogen is divided (Spaggiari et al., 2009; Figure 2 and Figure 3) into:

1. a foreland component (the Northern Foreland),
2. a younger, pre-Stage I amalgamation basement component (the Kapa Kurl Booya Province, which is further divided into the fault-bound tectonic units of the Biranup Zone, the Fraser Zone, and the Nornalup Zone),
3. the Recherche and Esperance Supersuites, and
4. three major basins.

The *Northern Foreland* is defined as the portion of the Yilgarn Craton reworked during the Albany–Fraser Orogeny, thereby reflecting its proximity to the collisional orogenic belt and includes the dominantly granitic rocks of the Munglinup Gneiss. The Munglinup Gneiss is interpreted as a higher-grade, more strongly reworked fault bound component of the Northern Foreland. Orthogneisses of the Munglinup Gneiss are interlayered with minor banded metachert (jaspilite), amphibolitic schist and metamorphosed ultramafic rocks which are interpreted to be remnants of Archaean greenstone sequences.

Reworking of the Yilgarn Craton in the Northern Foreland varied from moderate- to high-strain ductile deformation under amphibolite- to granulite-facies metamorphic conditions (Munglinup Gneiss and the southern part of the Mount Barren Group), to low- to moderate-strain, brittle to semi-brittle, greenschist to amphibolite conditions. This variation in conditions generally reflects lower strain conditions and lower metamorphic grade with increasing distance from the orogen (i.e. northwards), or the exhumation of shallower crustal levels of the Northern Foreland.

The Jerdacuttup and Cundelee Faults are two linked, major, thrust faults separating Archaean rocks of the Yilgarn Craton that show very minor to no Albany–Fraser Orogeny-related deformation effects, from the more strongly deformed, mixed Archaean and Proterozoic rocks of the Northern Foreland.

The Albany–Fraser Orogen was previously divided into two major tectonic units: an inboard, intensely deformed component named the Biranup Complex, and an outboard component named the Nornalup Complex.

In light of new data and interpretations, the Biranup Complex was recently renamed the *Kapa Kurl Booya Province* (Spaggiari et al., 2009), and defined as the crystalline basement of the Albany–Fraser Orogen. It includes three fault-bound geographical and structural zones: the Biranup, Fraser, and Nornalup Zones, each containing rocks with variable protolith ages and geological histories.

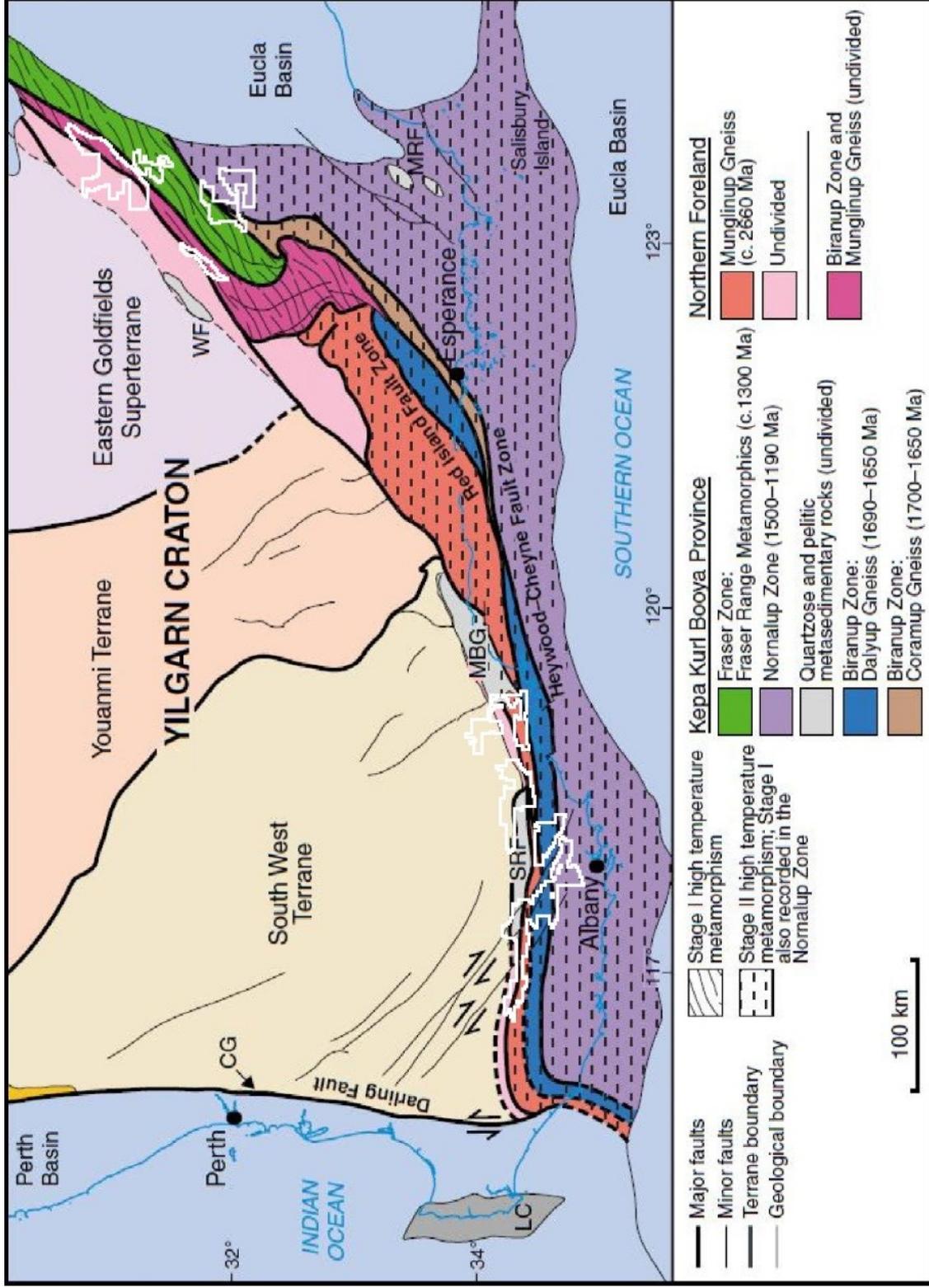


Figure 2: Regional Geology and Windward's Tenements

The southeastern part of the Biranup Zone and most of the Nornalup Zone contain granitic intrusions of the 1330–1280 Ma *Recherche Supersuite* and the 1200–1140 Ma *Esperance Supersuite*. Various Mesoproterozoic cover rocks also locally overlie the Nornalup Zone.

The *Biranup Zone* is a belt of predominantly mid-crustal rocks that lies along the entire southern and southeastern margin of the Yilgarn Craton. In the eastern part of the orogen, the Biranup Zone is in fault contact to the southeast with the Mesoproterozoic Fraser and Nornalup Zones. The Biranup Zone is dominated by intensely deformed orthogneiss, metagabbro, and paragneiss, with ages ranging from c. 1800–1625 Ma. There are fragments of Archaean granite, and possibly greenstones within the Biranup Zone.

The *Fraser Zone* is bounded by the Fraser Fault Zone along its northwestern edge and southern tip, and by the Newman Shear Zone and Boonderoo Fault along its southeastern edge (Figure 3). It is dominated by high-grade metagabbroic rocks that have a strong, distinct, geophysical signature in both aeromagnetic and gravity data. Most of the northeastern part of the Fraser Zone is obscured by younger rocks of the Eucla Basin, however geophysical data show that it is a northeasterly trending, fault-bounded unit that is approximately 425 km long and up to 50 km wide.

The Fraser Zone contains the 1305–1290 Ma *Fraser Range Metamorphics* (Spaggiari et al., 2009), which are dominated by sheets of metagabbroic rocks, interlayered with sheets of granitic material, and layers or slivers of pelitic, semi-pelitic, and calcic metasedimentary rocks of the Arid Basin. The metasedimentary rocks were deposited just prior to the intrusion of the mafic and felsic magmatic rocks, and all have been metamorphosed at high temperatures (granulite facies), with some locally retrogressed to amphibolite facies. The metasedimentary rocks mostly occur along the northwestern side of the Fraser Zone, and are typically intercalated with layers of mafic granulite or amphibolite that were probably originally dykes, sills, or sheets related to the main gabbroic intrusions.

The Fraser Range Metamorphics are typically dominated by a well-developed, northeasterly-trending steeply dipping foliation, although massive rocks can locally be found in the centre of the zone's exposed, southern part. The Fraser Range Metamorphics are strongly mylonitised and have a dextral shear sense along, and close to, the Fraser Fault Zone. Elsewhere, they are tightly to isoclinally folded along a northeasterly-trending axis and have been cut by thrust faults and shear zones. Crystallization of gabbro within the Fraser Zone has been dated at 1291 Ma.

The 1330–1280 Ma *Recherche Supersuite* and the 1200–1140 Ma *Esperance Supersuite* mark two major magmatic events that coincided with Stages I and II of the Albany–Fraser Orogeny, respectively. Igneous rocks belonging to the Recherche Supersuite are generally metamorphosed to amphibolite or granulite conditions, contain a gneissic fabric, and include syn-magmatic mafic rocks. Deformation and metamorphism occurred during Stages I or II, or both.

Igneous rocks belonging to the Esperance Supersuite are generally metamorphosed up to greenschist or amphibolite facies, and are generally less pervasively deformed than rocks of the Recherche Supersuite however may locally contain a foliation or be mylonitic.

Strongly magnetic, variably deformed granitic bodies in aeromagnetic images are correlated with the Esperance Supersuite.

Two major tectonic events have been recognized in the Albany–Fraser Orogen:

- A. the newly defined Palaeoproterozoic *Biranup Orogeny*, which includes the c. 1680 Ma *Zanthus Event*, covers the period 1710–1650 Ma. This Orogeny was marked by widespread magmatism, the formation of sedimentary basins, and high-temperature metamorphism and deformation; and,
- B. the Mesoproterozoic *Albany–Fraser Orogeny*, which took place in two stages: 1345–1260 Ma (Stage I) and 1215–1140 Ma (Stage II).

Stage I has been interpreted to reflect the northwest-directed convergence and subsequent collision of the combined South Australian and Mawson Cratons with the West Australian Craton, whereas Stage II is interpreted to reflect intracratonic orogenesis.

Stage I is dominantly represented by voluminous mafic and felsic magmatism forming both the Recherche Supersuite and magmatic rocks of the Fraser Zone, and was accompanied by high-temperature metamorphism and deformation.

The presence of c. 1300 Ma granitic intrusions within each of the Northern Foreland, and Biranup, Fraser, and Nornalup Zones suggests a spatial link, or stitching, of these tectonic units by the end of Stage I. This in turn indicates that high-temperature metamorphism during Stage II — which was widespread in both the central and eastern Biranup Zone, and is recorded in the Munglinup Gneiss, Gwynne Creek Gneiss, and Recherche Supersuite — took place within an intracratonic setting.

These events, and in particular Stage II, have formed the preserved crustal architecture, dominated by craton-directed, fault-bound thrust slices of largely mid-crustal, high grade-rocks.

Major, dominantly thrust faults (e.g. Jerdacuttup Fault, Cundeelee Fault, Red Island Shear Zone), which juxtapose different tectonic units and internal fault-bound sequences, are also interpreted to have been active during Stage II.

The onshore component of the Albany Fraser Orogeny that wraps around the southern edge of the Yilgarn Craton in the vicinity of the Fraser Range South Project comprises three main belts that are highlighted by a distinctive magnetic signature. Northernmost is the structurally reworked and metamorphosed Yilgarn Craton which corresponds with the Northern Foreland, comprising gneiss and granitoid with younger dolerite dykes of the Gnowangerup dyke swarm which trend parallel to the orogen boundary. This belt includes the in-faulted Mount Barren Group and Stirling Range Formation, described below.

South of the Northern Foreland and separated from it by a series of thrust faults, the Biranup Zone is seen as a linear east-west trending highly magnetic domain about 30 km wide. The belt comprises ortho- and paragneisses which are highly strained and metamorphosed to amphibolite to granulite facies. Lithologies include metasedimentary assemblages of quartz-kyanite-tourmaline, biotite-garnet gneisses and quartz-magnetite units of which the Southdown Magnetite Deposit (magnetite-quartz-garnet granulite gneiss) is an example.

South of the Biranup magnetic domain and extending offshore is a wider corridor of mixed magnetic and non-magnetic zones composed of highly strained and complexly folded magnetic units of quartzo-feldspathic and basic gneiss hosted within a non-magnetic background that consists of paragneiss which in places contains significant graphite. This domain corresponds to the Nornalup Zone and is intruded by voluminous post-tectonic granitoids such as the Burnside Batholith.

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Much of the Fraser Range South Project area is covered by Tertiary sediments of the Bremer Basin succession, up to 50 m thick.

The Mount Barren Group and Stirling Range Formation consist of lower greenschist to upper amphibolite facies metasedimentary Proterozoic rocks that overlie the southern edge of the Yilgarn Craton. The Mount Barren Group comprises conglomerate, quartzite, chert, mudstone and minor carbonate. The quartzite is exposed in a series of prominent rocky peaks which shows its predominant south-easterly dip. It is unclear whether the sediments unconformably overlie Archaean granitoids or are thrust over them.

The Stirling Range Formation lying north of Albany and about 100 km west of the Mount Barren Group comprises sub-greenschist to lower greenschist facies quartzite, shale, slate, and phyllite with a similar depositional age to the Mount Barren Group of around 1700-1800 Ma.

The Stirling Range Formation and Mount Barren Group may be part of a much broader group of sedimentary rocks deposited on or close to the southern and southeastern margin of the Yilgarn Craton, which includes the Woodline Formation further to the northeast.

## 3 Prospectivity

As noted in Spaggiari et al. (2011), the Albany-Fraser Orogen lies along the southern and southeastern margins of the Yilgarn Craton. The orogen is dominated by Palaeoproterozoic and Mesoproterozoic rocks that formed along, or close to, the margin of the Yilgarn Craton, resulting in successive episodes of reworking of that margin.

Fragments of Archaean crust, interpreted to be remnants of the Yilgarn Craton, have been preserved within the Proterozoic crust that forms the bulk of the orogen. These fragments, present at the kilometre- to grain-scales, may have contained sources of economic minerals or elements, such as gold. In addition, Palaeoproterozoic and Mesoproterozoic events are likely to have provided opportunities for focusing or concentrating of Yilgarn-sourced components into economic deposits as well as enabling access to new magmatic sources during orogenic processes.

### 3.1 Fraser Range Projects

The crystalline rocks in the basement are considered prospective for gold and base metal mineralization as demonstrated by the discoveries at Tropicana (gold) and Nova-Bollinger (nickel-copper) as well as graphite in the high-grade metasediments. The younger sediments have the potential to host deposits of heavy minerals and palaeovalley-hosted uranium deposits.

As summarised in Spaggiari et al. (2010), the Tropicana-Havana gold deposit lies just east of a major northeast-trending fault marking the edge of the Yilgarn Craton. The deposit lies within a zone of dominantly northwest-trending magnetic highs cut by northeast- to east-trending shear zones and mafic dykes, and also occurs within a northwest-trending, moderate gravity anomaly. The gold is reported to be hosted by Archaean garnetiferous gneiss and K-feldspar-rich quartzofeldspathic gneiss. However, on a regional scale, the surrounding lithologies are dominated by northeast-trending Biranup Zone metagranitic rocks mingled with metagabbro. Minor occurrences of metamorphosed mafic to ultramafic rocks and banded iron-formation are suggestive of Archaean greenstones, although other interpretations are feasible. The LRG tenements of the Fraser Range Project lie within this domain.

Gold mineralisation at Tropicana-Havana is hosted in sheared and altered granitic, granodioritic and dioritic rocks. Other host rocks have also been identified and include hydrothermally altered biotite-sericite with 5% to 10% disseminated pyrite in banded feldspathic and garnet-bearing gneiss of possible Proterozoic age.

Recent exploration success by Sirius Resources Ltd in discovering the Nova and Bollinger Nickel-Copper Deposits has led to revised assessments of the prospectivity of the Fraser Range Metamorphics within the Fraser Zone. However as with the Tropicana deposits, there still remains significant uncertainty about the setting and controls on mineralisation. The Nova discovery is a strong electromagnetic conductor that was found using ground EM following soil geochemistry. The massive high-grade nickel and copper sulphides at Nova are described by the company as a "modified mafic/ultramafic associated magmatic sulphide deposit" (Bennett, 2012). The deposit style, age and tectonic setting resemble the 'Proterozoic circumcratonic' deposits such as the Thompson mine in the Thompson Nickel Belt (TNB) of Canada. The Ponton Minerals tenements of the Fraser Range Project lie within this zone.

A review of the regional geophysical data by Isles and Dorling (2009) assessed the inter-relationships between the crustal architecture of the Yilgarn Block and the 'Fraser' section of the Albany-Fraser Orogen. A key feature highlighted by Isles and Dorling (2009) is the presence of northwest trending structural corridors. However they comment that the 'underlying' controls on the granite greenstone architecture are northwesterly and north-south and that these features are not explicitly expressed in the patterns of near surface exposure and interpreted major near-surface faults. Three of the northwesterly structural corridors identified are of particular interest in this study.

- The 'Yamarna Corridor' transects the general 'Tropicana' district and appears to continue beneath the younger metamorphic rocks to the south east.
- The 'Leonora Corridor' has a potential link to the 'Beachcomber' group of gold occurrences. An intermediate corridor located between the Leonora and Widgiemooltha Corridors appears to coincide with the LRG Brookman tenement group.
- The 'Widgiemooltha Corridor' is inferred to be the major fracture ('transfer') zone controlling the southern limit of the Fraser Zone.

These major regional sub-crustal fracture zones are considered to be long lived and episodically re-activated structures that have an important localising influence on mineralisation.

The Cundeelee Fault and Northern Foreland are recognised as important features in the vicinity of the Projects. Although unquestionably a fault in many localities, the Cundeelee Fault is often only evident as a weak change in the magnetisation of rocks. In many areas, Yilgarn Block granite-greenstone trends are continuous across the 'fault' and these often persist for large distances southeast into the Northern Foreland/ Munglinup Gneiss. Isles and Dorling (2009) suggest that the 'fault' represents the limit of alteration/metamorphism inflicted on the Yilgarn during the Fraser orogenic event. Southeast from the Cundeelee Fault deformation and metamorphism appear to increase but for the most part, the Munglinup zone appears to be reworked Yilgarn rocks. Nearly all of the mineralisation discovered to date in the Fraser Orogen lies within the author's version of the 'Munglinup Zone'. In the Tropicana district a broad magnetic high associated with Yilgarn granitoid rocks shows apparent continuity across the Cundeelee Fault.

In this report, the tenements of the Fraser Range Project are divided into two groups based on geological setting as described above (Figure 2).

Fraser Range – LRG : forming one group, the Lake Rivers Gold tenements (E28/1710-1713 and 1715) lie in the magnetically-subdued eastern Biranup Zone (west of the Fraser Fault) with predominantly gold potential of the Tropicana, Corvette, Beachcomber and Woodline style.

Fraser Range – Ponton: comprises the Ponton Minerals tenements (E28/2017 and E69/2989-90) which lie in the more magnetic Fraser Zone and extend into the adjacent Recherche Supersuite. This group of tenements has potential for base metals (including Nova style nickel-copper-cobalt) as well as gold.

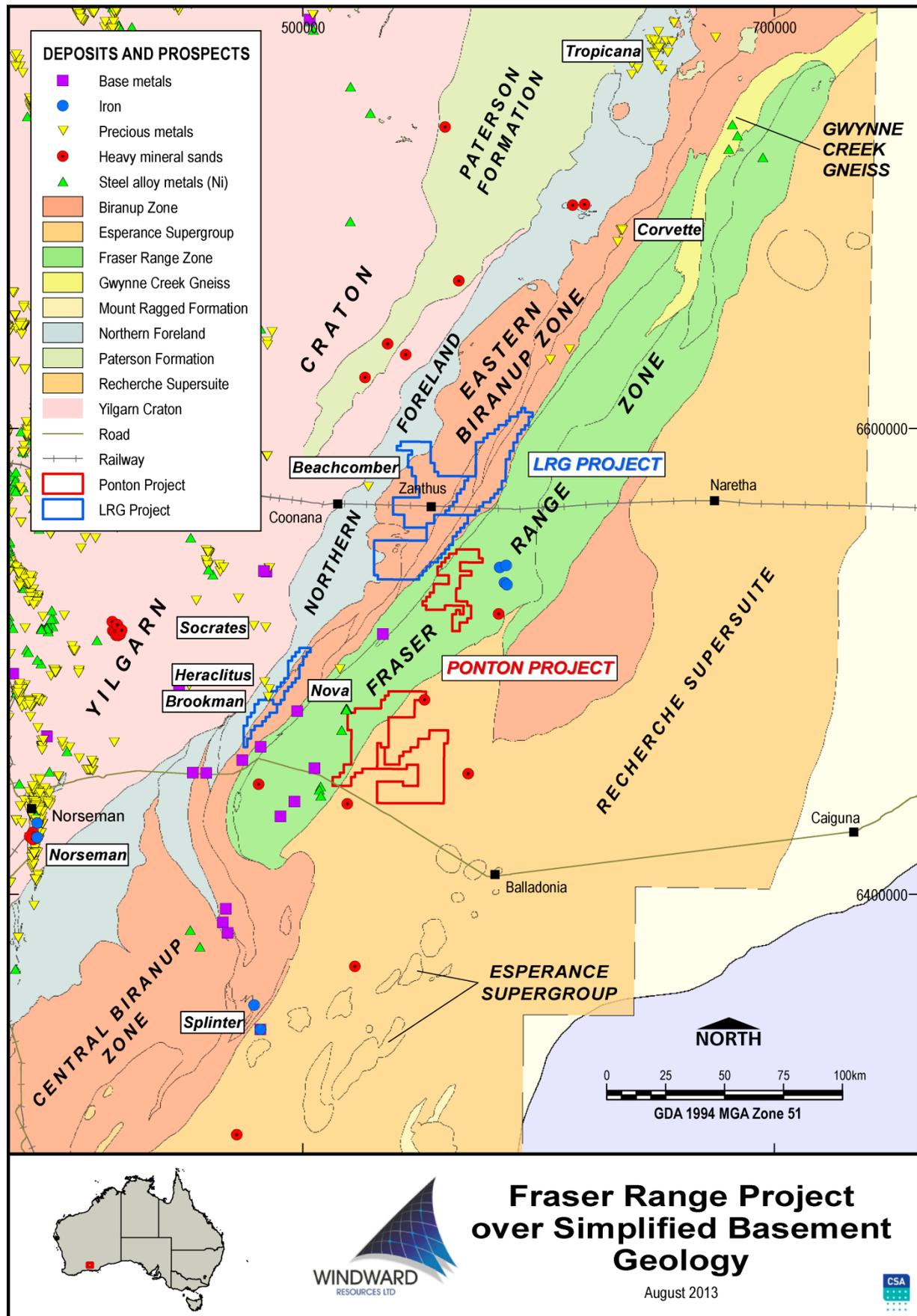


Figure 3: Tenement Groups Overlying Solid Geology – Fraser Range Project.

### 3.1.1 Fraser Range South Project

The Fraser Range South Project tenements straddle the southern Yilgarn Craton, Northern Foreland, the thrust-bound Biranup Zone and the Nornalup Zone.

Gold mineralisation is known from small historic workings at Kendenup and Redmond (north of Albany), which are hosted in quartz reefs within the Biranup and Nornalup Zones respectively. Although in Proterozoic host sequences, the origin of the mineralisation could be either Proterozoic or reworked Archaean. Minor gold anomalies with associated copper and zinc were reported from the Mountain View prospect 30 km southeast of Jerramungup in what appear to be highly metamorphosed Archaean mafic volcanics and gabbro.

Gold and base metal exploration was carried out at the Calyerup Creek prospect located 15 km east of Jerramungup. The prospect comprises numerous high-grade gold (4 to 40 g/t) workings with sporadic small scale production at intervals from 1950 to 1986. The locality appears to be within the Archaean Yilgarn block north of the Northern Foreland front, and is in a sulphidic mafic granulite and calc-silicate gneiss terrain. The original rocks are interpreted to be sediments.

Precious and base metal potential of the Mt Barren Group and the surrounding Biranup Zone is indicated by the Kundip and Trilogy deposits located between Ravensthorpe and Hopetoun. Collectively, these deposits contain about one million ounces of gold, ten million ounces of silver and 100,000 t of copper in resources. The occurrence of these deposits has encouraged a number of major companies to explore for base metal mineralisation including Anglo American in the Biranup Zone and BHP in the Denmark area, directed to Broken Hill type deposits. Encouragement for this work was provided amongst other things by the occurrence of manganese-rich spessartine garnet in minor quartz-garnet-magnetite units, a significant association in Broken Hill mineralisation. BHP also carried out exploration in the Devil's Creek Project area on the western edge of the Mount Barren Group, for base metal mineralisation of the Kundip/Trilogy type.

Base metal exploration has been carried out by other companies including Tectonic Resources (in conjunction with BHP) and Geotech International. Geotech's project lies where a complex NW-trending fault system intersects east-west thrusts near the edge of the Stirling Range Formation, and could be a locus for mineralising fluids.

Potential for magnetite deposits is provided by strike extensions of the Southdown magnetite zone, as well as other similar linear magnetic anomalies possibly associated with quartz-magnetite lenses within the Biranup Zone.

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## 4 Fraser Range Project

### 4.1 Project Location, Access and Infrastructure

The tenements comprise two groups extending in a broad northeast-southwest trending strip over a total distance of about 150 km. The southern group of tenements in the vicinity of the Nova Nickel-Copper Deposits are accessible via the Eyre Highway about 100 km east of Norseman, from which a network of tracks extends north into the Project area. The northern group of tenements is accessible via the unsealed access road located along the Trans Australian Railway about 200 km east from Kalgoorlie to the settlement of Zanthus. From here, tracks extend through the two tenement blocks. There is an unsealed airstrip at Zanthus.

The Fraser Range Project is located near the western margin of the Nullarbor which has a semi-arid to arid climate where the average rainfall is typically 180-200 mm per annum. Summer temperatures are high and typically average 28–35°C with numerous days above 40°C, while winter temperatures are milder in the 16–20°C range.

The topography is characterised by gentle rolling relief. No incised drainage systems are present in the Project area, although there have been instances in the past where cyclonic rains further north have activated palaeodrainages such as Ponton Creek to the east of Zanthus.

The Project lies in vacant Crown land and pastoral leases and is vegetated by mulga, mallee and spinifex bushland typical of this western part of the Great Victoria Desert.

### 4.2 Fraser Range Project Tenements

Windward is acquiring a 70% interest in eight exploration licences – from Lake Rivers Gold (five tenements) and Ponton Minerals (three tenements). Details of the transaction were released to the ASX on 24<sup>th</sup> July 2013. Tenement details are summarised in Table 2 and full details are listed in Appendix 1.

**Table 2: Fraser Range Tenement Schedule**

Holder/s	Project	Tenement ID	km <sup>2</sup>	Current Status	Expiry	Next Rent \$	Minimum Expenditure for Next Year \$
Lake Rivers Gold Pty Ltd	Fraser Range- LRG	E28/1710	586	Granted	23/09/2017	49,969	398,000
Lake Rivers Gold Pty Ltd		E28/1711	590	Granted	23/09/2017	50,220	400,000
Lake Rivers Gold Pty Ltd		E28/1712	588	Granted	23/09/2017	50,220	400,000
Lake Rivers Gold Pty Ltd / Sirius Gold Pty Ltd		E28/1713	123	Granted	23/09/2017	10,546	84,000
Lake Rivers Gold Pty Ltd / Sirius Gold Pty Ltd		E28/1715	114	Granted	23/09/2017	9,793	78,000
Ponton Minerals Pty Ltd	Fraser Range- Ponton	E28/2017	331	Granted	21/09/2016	13,447	113,000
Ponton Minerals Pty Ltd		E69/2989	583	Granted	03/04/2018	23,800	200,000
Ponton Minerals Pty Ltd		E69/2990	582	Granted	28/05/2018	23,800	200,000
			<b>3,496</b>			<b>231,795</b>	<b>1,873,000</b>

The exploration licences were granted under the provisions of the Western Australian Mining Act (1978). Exploration licences initially have a term of five years, after which they have to be relinquished or converted to another form of tenure such as a mining licence. Exploration licences can however have their term extended by a further five years under certain conditions including an increase in minimum expenditure commitments. The five Lake Rivers Gold tenements have had their terms successfully extended in such a way.

CSA reviewed the status of the licences using the WA Department of Mines and Petroleum eMiTs (Mineral Titles Online) system on 9<sup>th</sup> August 2013. However it should be noted that CSA makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

All five granted LRG licences are in their second terms, and have met or exceeded their expenditure commitments so far; and are on track to do so again in this current year, apart from E28/1711 and 1712. Windward has strategies in place to manage tenement obligations including accelerating work programmes, and lodging applications for exemptions from expenditure conditions based on a range of rationales that address WA Mining Regulations. Rents for each licence have also been paid in full for the current licence terms. As part of the renewal process for tenements E28/1710, 1711 and 1712 a stipulatory 40% drop-off is required under WA Mining Regulations; after review of the current data Windward has identified the areas to be relinquished and believes that this has no material effect on the Company's planned exploration programmes. This will also reduce Windward's minimum expenditure commitments going forward.

All five granted Ponton licences are in their initial terms, have met or exceeded their expenditure commitments and are on track to do so again in this current year. Similarly rents for each licence have also been paid in full for the current licence terms.

Native title clearance has been obtained by way of Agreements for Heritage Protection with two native title claimant groups – the Ngadju People (Narnoonbinya Family Group) and the Central East Goldfields People – affected by the grant of the LRG and Ponton tenements. The claims for native title over the Fraser Range Project are shown on the tenement plan in Figure 4. An Aboriginal

heritage survey was carried out in 2010 in conjunction with the two groups over both the LRG tenement areas.

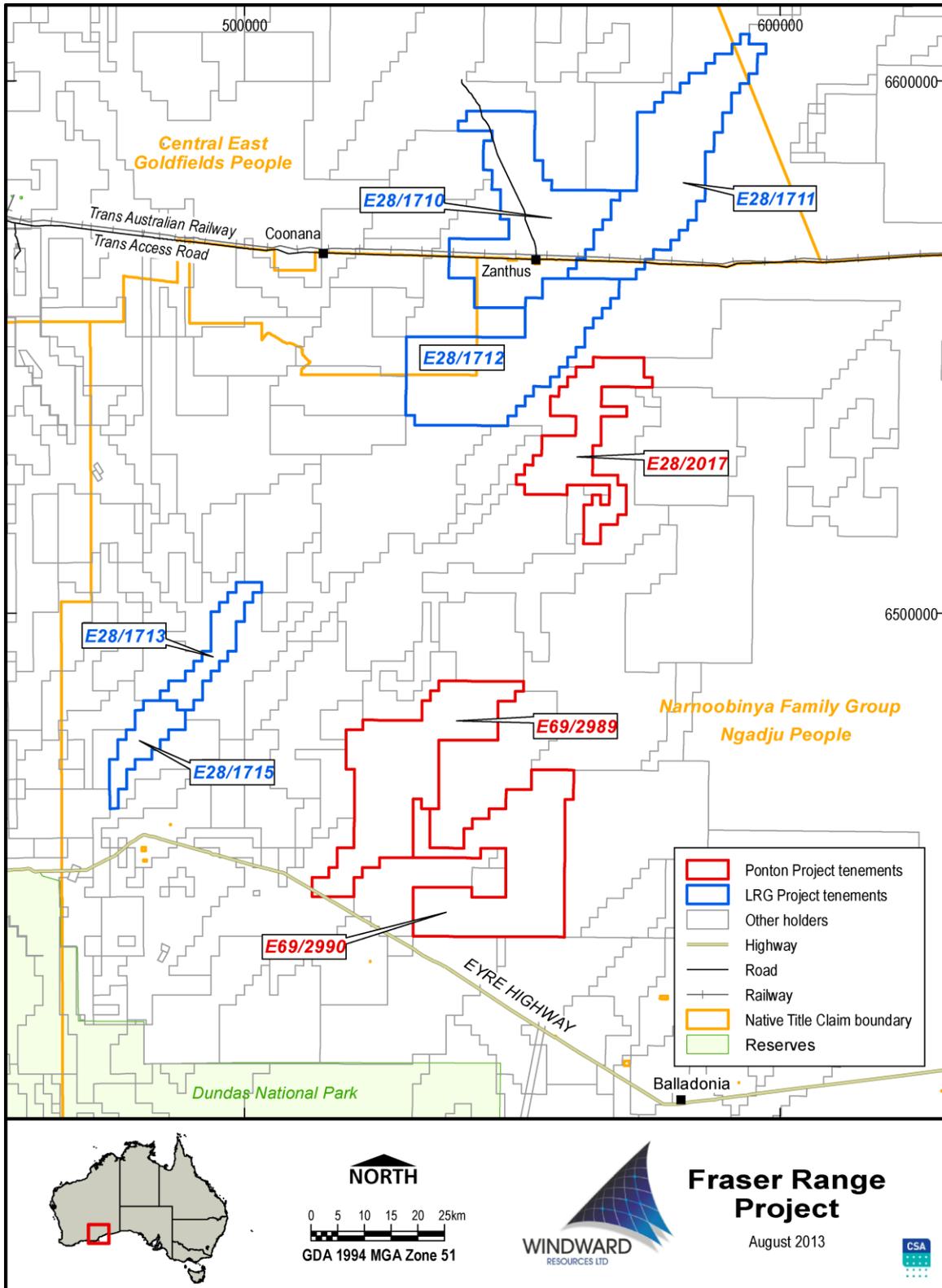


Figure 4: Tenement Outlines and Native Title Claim Boundaries, Fraser Range Project.

### 4.3 LRG Project Details

The Lake Rivers Gold component of the Fraser Range Project (Figure 4) is considered prospective mainly for gold but with lesser potential for base metals, mineral sands in Tertiary sediments, and lignitic coal in carbonaceous sediments. Past work has identified evidence of gold mineralising systems in the vicinity of favourable structural settings.

#### 4.3.1 Local Geology

Basement geology in the Project area is poorly known due to an extensive veneer of Quaternary aeolian sands and alluvial cover, overlying Cainozoic valley-fill deposits. GSWA mapping, interpretation of aeromagnetics and limited drilling results suggest a basement of Proterozoic aged rocks that have been intensely deformed and tectonically interleaved with mafic granulites, quartzofeldspathic gneisses and granitic gneisses of the Eastern Biranup Zone. Gneissic banding generally shows a strong northeasterly trend which is reflected in the aeromagnetic trends. The southeastern boundary of the two eastern-most Lake Rivers Gold tenements (E28/1711 and E28/1712) closely follows the prominent Fraser Fault, the boundary between the Eastern Biranup Zone and the Fraser Range Zone.

#### 4.3.2 Previous Exploration

Previous exploration within the LRG Project area has been directed mainly towards gold, particularly since the Tropicana discovery in 2005. Earlier work in the region has included exploration for lignite within Tertiary valley-fill sediments in the early 1980s by CRA Exploration (CRAE). CRAE in 1980 briefly explored for Cu-U based on an Olympic Dam model targeting coincident magnetic and gravity anomalies along the Northern Foreland of the Albany-Fraser orogen. Heavy mineral sands associated with palaeo-strandlines were sought by Eucla Mining NL in 1991.

Pan Australian Exploration in 1997 (Yilgarn Extension Project) and a Newmont Australia/Sipa Resources joint venture in 2007 carried out exploration programs for Archaean greenstone-hosted gold in the southern Yilgarn Craton and extending into the transition zone of the Albany-Fraser Orogen associated with the Buldania greenstone belt and Woodline areas respectively. Work involved mainly calcrete, soil and rock chip sampling with limited follow-up drilling, as well as aeromagnetic and ground gravity surveys.

AngloGold Ashanti carried out an exploration program from 2007 to 2013 (the Viking Project) targeting Archaean greenstone gold mineralisation over a large area in the southeast Yilgarn and encroaching onto the Eastern Biranup Zone. The area includes tenements abutting the northwest boundary of the LRG tenements E28/1713 and 1715. Extensive auger geochemical sampling was carried out, with a minor aircore drilling program.

AngloGold Ashanti in joint venture with Independence Group NL undertook extensive surface calcrete sampling, auger sampling and aircore drilling within the Eastern Biranup Zone to explore for gold mineralisation along strike to the southwest of their Tropicana discovery. Within the Tropicana Group 3 and 4 tenements near the LRG Project tenements, a combination of aircore drilling and geological reconnaissance, aided by gravity and magnetic surveys, identified basement lithologies dominated by quartzofeldspathic gneiss, garnet-bearing gneiss and amphibolitic gneiss and schist in the east, and granitic rocks in the west.

The crystalline basement is overlain by a variable cover sequence. The region north of the Lake Rivers drainage system is characterised by generally thin, unconsolidated sediments and colluvium, comprising sand and clay, with minor gravel, conglomerate and silicified horizons. To the south, the cover thickens, comprising extensive areas of fossiliferous limestone, clay, sandstone, and lignite. Within the tenements, over half of the total area was found to be overlain by cover which is greater than 40m thick, and a deep (120m) channel of transported sediments was defined. The cover is clearly a challenge to effective exploration.

#### 4.3.3 Recent Exploration

The Crassy Group have been undertaking a range of activities on their entire Fraser Range tenement package since acquiring the licences.

As part of their regional exploration programme a comprehensive data compilation exercise was completed. This included the capturing of relatively detailed aeromagnetic data along with Landsat7, gravity and DEM data. This data was levelled, modelled and integrated with historic soils, mapping and drilling data.

New targets worthy of reconnaissance work were identified using existing magnetic data. It was hypothesised that very strong magnetic responses identified in regional surveys might be related to iron rich greenstones.

Historical exploration work within the combined tenement group included a significant number of drillholes and soil samples. Where possible, the majority have been field located and /or registered in GDA94 coordinates; with follow-up field sampling completed.

Where required heritage clearance surveys have been completed.

Most recently Crassy Group completed the collection of surface samples in focused 200 by 100 m grid patterns over a total of 901 sites and an aircore drilling program of 177 drill holes for a total of 7,920 m. During the drilling program, several surface rock chip samples (50) were collected during a brief reconnaissance mapping/assessment programme.

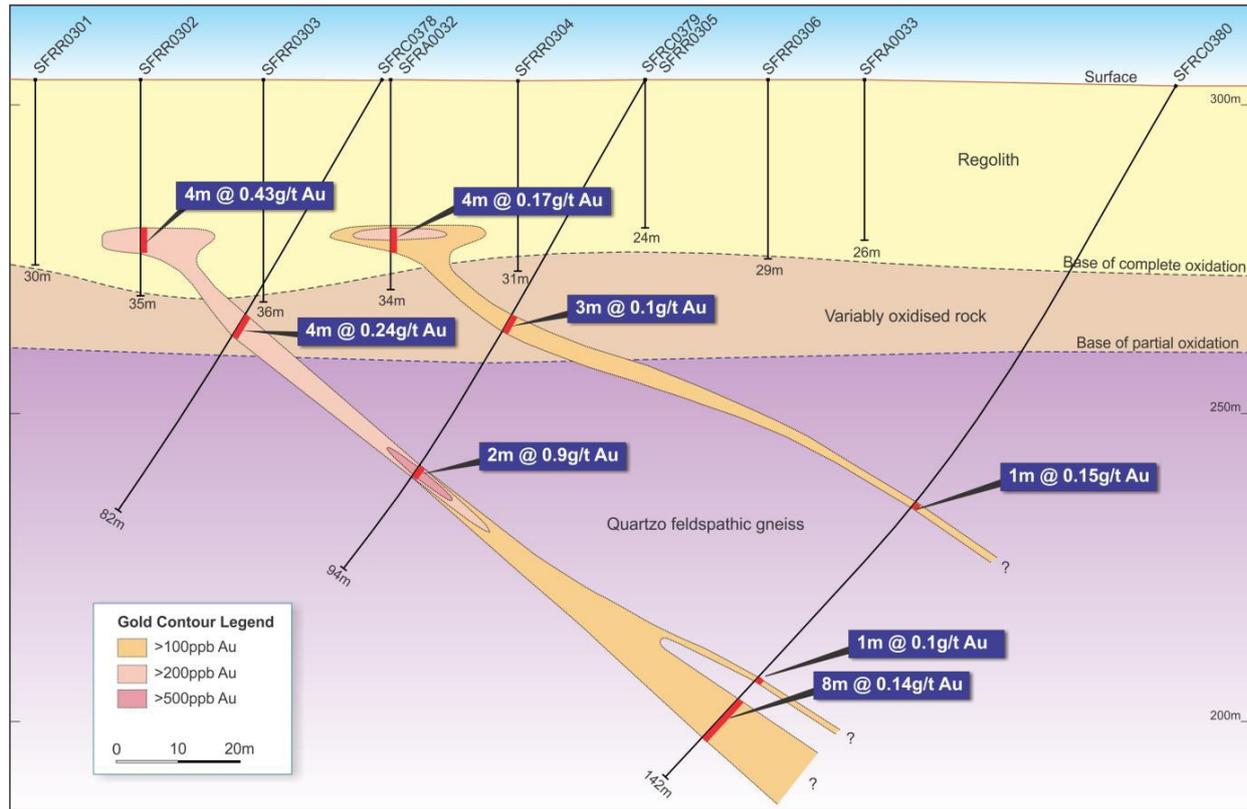
##### 4.3.3.1 Brookman Prospect

The most significant outcome of past exploration in the Project area however, has been the identification and delineation of the Brookman gold anomaly.

Lake River's Gold regional reconnaissance calcrete sampling for gold on an 800 m by 400 m (infilled to 200 m by 100 m) grid defined the Brookman anomaly (>20ppb Au) over 10 km in strike length. The anomaly remains open to the north and south (see Figure 6).

Follow-up RAB and aircore drilling has mostly returned best downhole gold values of the same order as the calcrete values. Generally speaking the calcrete contains anomalous gold while the mottled zone and saprolite zone are severely depleted. The best downhole results from all drilling tend to occur just above the saprock, at or just above the complete base of oxidation.

Only minor anomalous gold was intersected below the base of oxidation in the RC drilling with the best results being 1.19 g/t over 1 m in SFRC0379 and weakly anomalous zones occurring over multiple metres mainly in the section containing SFRC0378 to SFRC0380 (see Figure 5).



**Figure 5: Schematic Drill Section containing Holes SFRC0378 and 380 (from Creasy Group)**

Gold shows a poor correlation with logged sulphide percentage and with all other analysed indicator elements including sulphur, arsenic, tellurium, bismuth and molybdenum.

The poor correlation of the gold in the drilling results with other pathfinder elements and with the calcrete geochemistry, suggest that the gold in the calcrete represents a transported anomaly. The dimensions and tenor of the anomaly, together with the structural setting, supports further exploration to locate or explain the source of such a large geochemical anomaly.

A Dipole-Dipole Induced Polarization (“IP”) survey was used to identify possible sulphide and structure related to gold mineralisation across the length of the surface gold anomaly (based on the Tropicana gold targeting exploration model). IP chargeability and resistivity features were identified by the survey, warranting drill testing and investigation (see Figure 6). Some of these features (e.g. on the southernmost lines) have been recognised as due to graphitic shear zones, but other anomalies remain unexplained and are potentially due to disseminated sulphides, and may therefore be analogous to chargeable gold zones reported at Tropicana.

#### 4.3.4 Exploration Potential

CSA considers the Fraser Range-LRG Project underexplored for gold. The Project lies in a region that has undergone multiple episodes of deformation, located on a major, crustal-scale structural zone on the edge of the Yilgarn Craton. The gold mineralisation located in similar structural locations and in similar host rocks elsewhere in the Northern Foreland and Biranup Zones of the Albany Fraser Orogen (Tropicana-Havana, Beachcomber, Corvette, etc.) underpin the exploration potential of the belt. The LRG tenements occupy a similar setting and have unexplained gold anomalism that warrants more exploration.



The large gold anomaly at Brookman requires more work to understand the significance of the gold in this feature and to gain a better understanding of the structural controls on the mineralisation. Refinement of exploration techniques in this challenging terrain is likely to reveal more focussed targets.

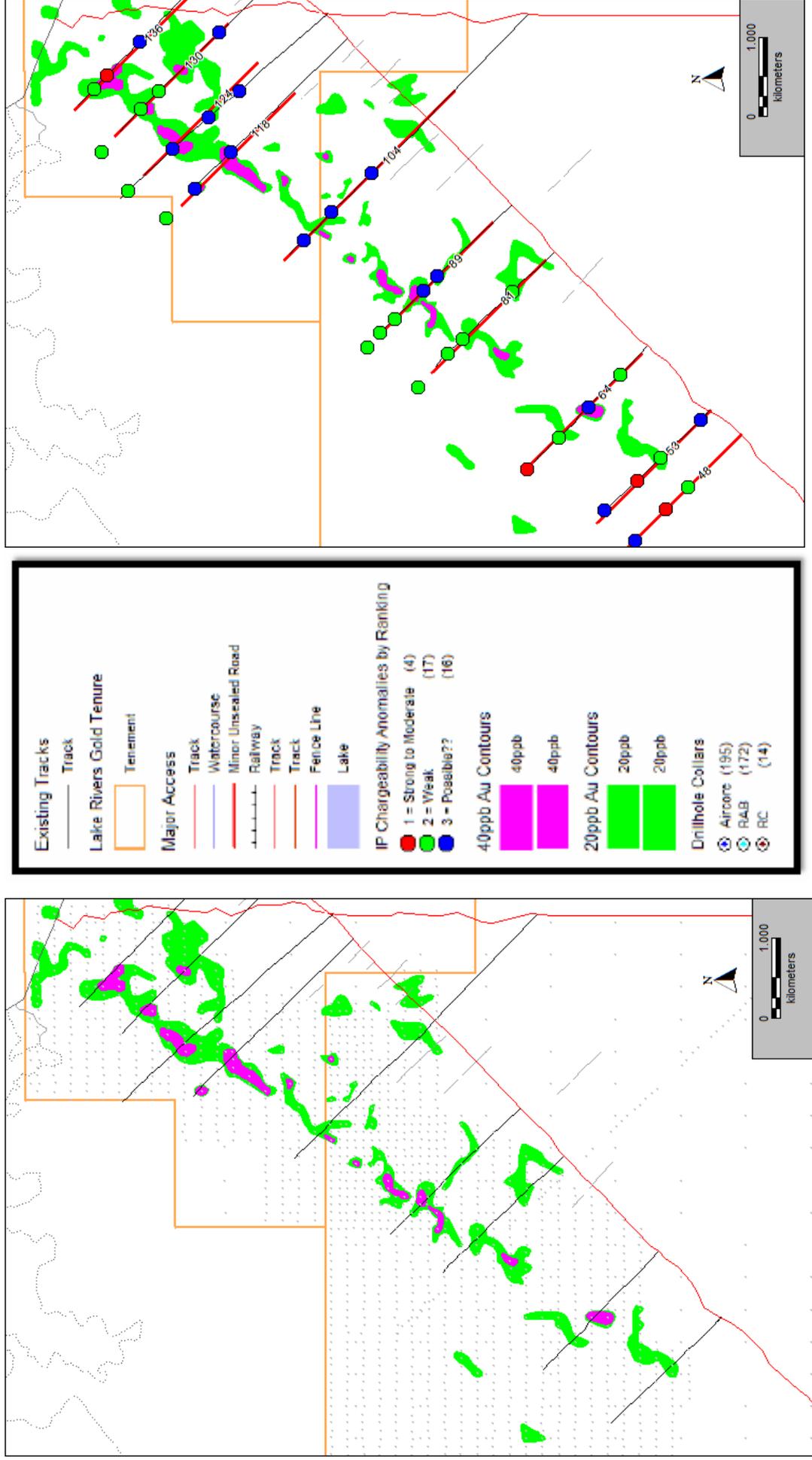


Figure 6: Brookman Gold Anomaly (main section). (LHS) Gold-in-calcrete Geochemistry (samples & anomalies), (RHS) Dipole-dipole chargeability responses

## 4.4 Ponton Project Details

### 4.4.1 Local Geology

As with the adjacent LRG Project tenements, the geology within the Ponton licences is poorly known due to the significant cover by geologically recent sediments.

The regolith of the tenement consists of a low relief erosional-depositional regime. Limited observations of sub-cropping basement suggest that there is a mixture of deep and shallow weathering profiles present in the Project area.

Interpretation of the regional geophysical data (magnetics and gravity) and regional mapping by the GSWA (Spaggiari et al. 2011) together with the limited basement intersections in drilling, suggests that the local lithology is a mix of felsic granulites intercalated with metasediments, granitoids and some pegmatite dykes – all Proterozoic in age in the southeastern portions of the Project. However, the northern licence and about half of the central licence are interpreted to cover the interpreted Fraser Metamorphics. These are the mafic granulites, mafic/ultramafic intrusions and metasediments that host the recently discovered Nova/Bollinger nickel-copper massive sulphide deposits, located only 2–3 km from the tenement boundary to the northwest.

### 4.4.2 Previous Exploration

The Fraser Range Project region has been the subject a number of regional exploration programmes over the past 40 years, with drilling and surface geochemistry completed by a number of groups, with the most relevant work summarised below.

The late 1960–70's a Newmont JV targeted the Fraser Range area for nickel exploration, basing their exploration on a model based on the Thompson Belt in Canada. The JV completed aeromagnetics but only limited field work.

Uranerz undertook palaeochannel uranium exploration in the early in 1970's using regional drill traverses; but with little success.

In 1980 CRAE focus on diamonds in the region, flying aeromagnetics, but they concluded the area was too magnetic to allow simple diamond targeting.

### 4.4.3 Recent Exploration

The Ponton tenements have not had any on-ground exploration completed by the Creasy Group. Open file data compiled includes surface sampling (calcrete and soils), interface and bedrock drilling (aircore, RAB, and RC).

Compilation and technical analysis of the open file data suggests more detailed and focused exploration is warranted across the tenements.

Initial exploration should include reconnaissance surface and auger sampling, geological mapping and field verification, and airborne geophysics. Encouraging results should be followed up with infill sampling and ground and airborne geophysics.

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#### 4.4.4 *Exploration Potential*

The Ponton Project covers a significant area of Fraser Range Metamorphics in close proximity to the Nova/Bollinger discovery.

The precise nature of the geology and controls on mineralisation at Nova are not yet known. The principal model being applied to the region by most explorers is the analogy with the similarly aged Nain Suite, host to Voisey's Bay, and the Thompson Belt, host to numerous important nickel deposits, in Canada.

A feature in common with these deposits which could also apply to Nova/Bollinger and Windward's tenements is a postulated spatial association with Proterozoic lithospheric architecture. In this model, cratons dominated by Archaean lithospheric blocks are flanked by belts of Proterozoic tectonic reworking. Such a craton-margin model is considered favourable for the genesis of magmatic nickel-copper deposits on account of their coincidence with relatively thin lithosphere which focusses strain during regional tectonism, facilitating ultramafic melt introduction into the crust.

Another feature of this deposit style, as exemplified by Voisey's Bay, is the common occurrence of multiple deposits in clusters. The Nova-Bollinger system could be also displaying this characteristic.

Windward will have around 600km<sup>2</sup> of Fraser Range Metamorphics, with a number of major structures cross cutting the tenements and a range of magnetic targets. Importantly many of these areas are located in areas of shallow cover where soil geochemistry is likely to be an effective exploration tool; and the deposit type is particularly amenable to electromagnetic geophysical exploration.

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## 5 Fraser Range South Project

### 5.1 Project Location, Access and Infrastructure

The Fraser Range South Project is a group of 14 exploration licences; largely semi-contiguous, stretching from Tonebridge and Frankland in the west to Bremer Bay and Jerramungup in the east (see Figure 7). The Project area is 300–400 km south-southeast of Perth.

Access to the Project is excellent with a comprehensive network of highways, sealed roads, gravel roads and tracks cross-cutting the tenements.

### 5.2 Fraser Range South Project Tenements

The Mineral Assets comprise 14 exploration licences (see Figure 7) located in the South West Mineral Field (70) that have been granted under the Western Australian Mining Act (1978) (“Mining Act”) and one application for an exploration licence.

The tenements are registered in the entities of NBX Pty Ltd, Mark Gareth Creasy, and Great Southern Gold Pty Ltd. Windward already has an existing JV with NBX Pty over E70/4083 and E70/4085.

The licences total 1,981 blocks, covering 5,621 km<sup>2</sup> in aggregate, of which 5,056 km<sup>2</sup> is granted. The current Windward JV tenements cover a total of 767 km<sup>2</sup>.

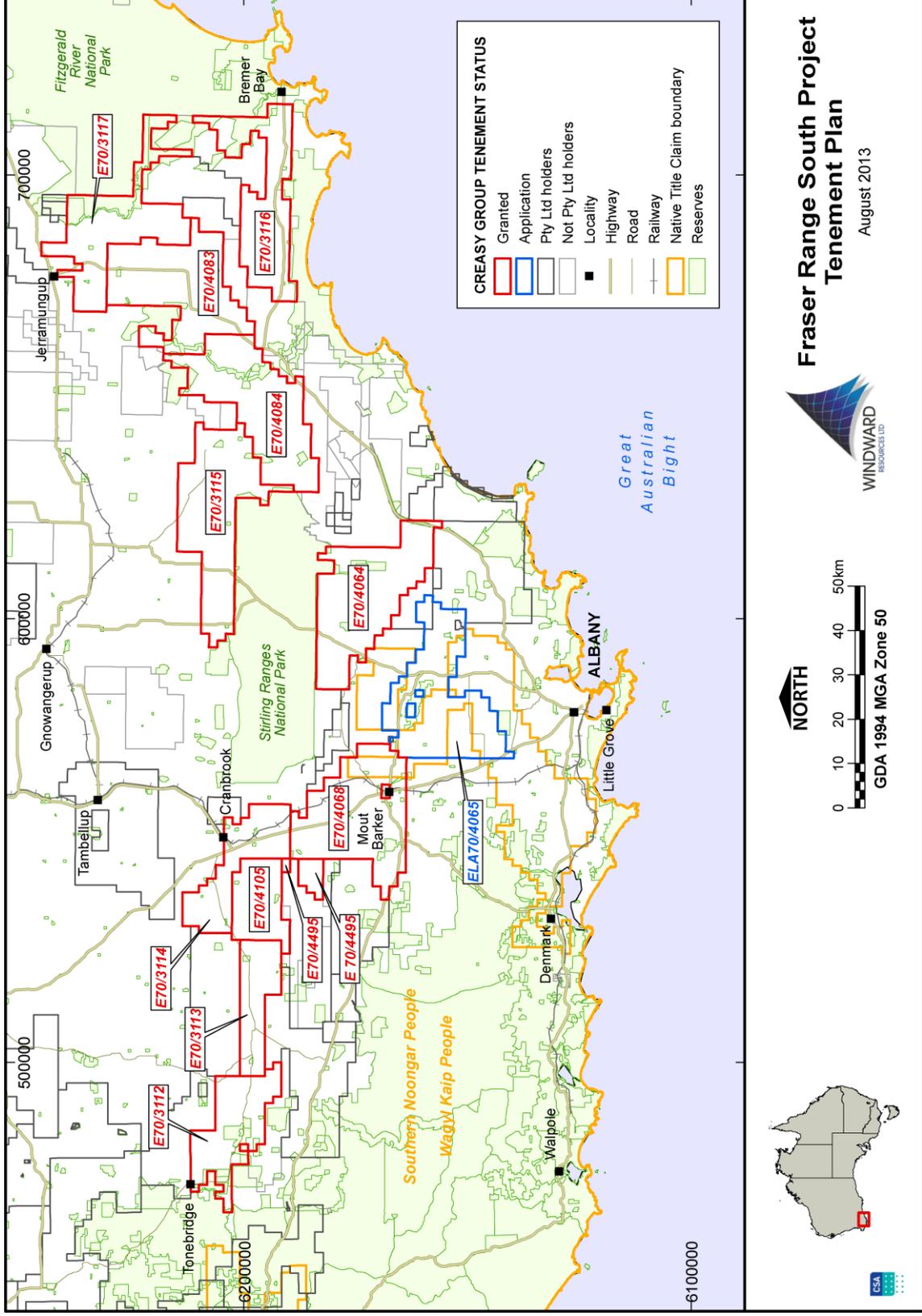


Figure 7: Fraser Range South Project Tenement Locations

**Table 3: Fraser Range South Project Tenement Summary**

Holder/s	Project	Tenement ID	km <sup>2</sup>	Current Status	Expiry	Next Rent \$	Minimum Expenditure for next Year \$
WIN/NBX JV	Current WIN JV	E70/4085	199	Granted	06/03/2017	8,330	70,000
WIN/NBX JV		E70/4083	568	Granted	06/03/2017	23,800	200,000
Mark Gareth Creasy	New WIN JV	E70/3112	329	Granted	11/03/2018	13,804	116,000
Mark Gareth Creasy		E70/3113	215	Granted	11/03/2018	9,044	76,000
Mark Gareth Creasy		E70/3114	298	Granted	11/03/2018	12,495	105,000
Mark Gareth Creasy		E70/3115	568	Granted	11/03/2018	23,800	200,000
Mark Gareth Creasy		E70/3116	437	Granted	11/03/2018	18,326	154,000
Mark Gareth Creasy		E70/3117	478	Granted	11/03/2018	19,992	168,000
NBX Pty Ltd		E70/4064	566	Granted	28/05/2018	23,800	200,000
NBX Pty Ltd		E70/4068	566	Granted	05/07/2017	23,800	200,000
NBX Pty Ltd		E70/4084	567	Granted	17/02/2018	23,800	200,000
Great Southern Gold		E70/4105	213	Granted	17/02/2018	8,925	75,000
NBX Pty Ltd		E70/4495	54	Granted	31/07/2018	2,023	20,000
NBX Pty Ltd		E70/4065	564	Pending	N/A	N/A	N/A
			<b>5,621</b>			<b>211,939</b>	<b>1,784,000</b>

The exploration licences were granted under the provisions of the Western Australian Mining Act (1978). Exploration licences initially have a term of five years, after which they have to be relinquished or converted to another form of tenure such as a Mining Licence. Exploration licences can however have their term extended by a further five years under certain conditions including an increase in minimum expenditure commitments.

Note that exploration licences granted over private land (freehold title) do not give any rights to minerals in the top 30 m of the land. A separate access and compensation agreement is required with each individual landowner.

CSA reviewed the status of the licences using the WA Department of Mines and Petroleum eMiTs (Mineral Titles Online) system on 9<sup>th</sup> August 2013. However it should be noted that CSA makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

All 13 granted licences are in their initial or second five year terms, have met or exceeded their expenditure commitments and are on track to do so again in this current year. Similarly rents for each licence have been paid in full for the current licence terms.

The majority of the tenement area in the Fraser Range South Project covers private land. Freehold land title extinguishes native title and therefore the majority of the exploration licence areas are free

of native title. Native title is recognised however over areas of Crown land including government water facilities, state forests, and National Parks.

Entry onto private property (freehold) will require the execution of land access agreements with each landholder. These agreements will generally be on a one-off access payment basis; with clauses identifying remuneration relating to future drilling only.

## 5.3 Fraser Range South Project Details

### 5.3.1 Local Geology

Little recent geological mapping has been completed in the Fraser Range South Project area. The following summary is based on the work of the Creasy Group (Kiddie, 2013).

As noted above, the Biranup Zone is a belt of predominantly mid-crustal rocks that lies along the entire southern and southeastern margin of the Yilgarn Craton. The Biranup Zone is a major component of the Albany Fraser Orogen and forms an east-west trending metamorphic belt with a strike length of around 330 km and a width of up to 35 km. It is dominated by highly strained granulites with lower grade orthogneisses and paragneisses that have in places been extensively intruded by syn-tectonic granitoids (both magnetic and non-magnetic).

The Biranup Zone has a high magnetic intensity, defined by a striped character, due to a combination of the deformation and to a lesser extent by original stratigraphy. Furthermore, the associated granulite facies metamorphism has resulted in abundant magnetite growth, particularly within intermediate-mafic lithologies.

The Biranup Zone shows a change of character along strike from west to east within the Albany Fraser Orogen.

To the west around Manjimup and Pemberton the zone contains significant and clearly identifiable packages of paragneisses. Although outcrop is poor throughout the domain, quartzite units (quartz-kyanite-tourmaline), amphibolites and lesser recessive biotite-garnet gneisses are well mapped in the west and show a close relationship with the magnetic trends. These metasedimentary packages can be traced eastwards into the Lake Muir area before they appear to be terminated against the northwest-trending Lake Muir structure.

Further east in the Mount Barker area, paragneisses are still present, however, they become thinner and are interlayered with dominant banded magnetic packages (mostly magnetic orthogneisses which locally contain minor quartz-magnetite units, which are interpreted as recrystallised BIFs).

The strongly banded magnetic signature which characterises the Mount Barker area extends across the fundamental Tenterden mylonite zone and eastwards into the Wellstead-Bremer Bay area. Close to Wellstead, the Biranup Zone contains a 'stand-out' 15 km long highly magnetic unit, the Southdown Magnetite Deposit (magnetite-quartz-garnet gneiss-granulite). It is unclear whether this lithology represents a metamorphosed BIF or a metasomatic iron deposit.

The eastern part of the Biranup Zone appears dominated by medium grained and often massive feldspar quartz- magnetite-pyroxene  $\pm$  hornblende  $\pm$  biotite  $\pm$  garnet granofels (granodioritic-dioritic in composition) which is interbanded with lesser magnetite-bearing mafic granulites. There are no

visible paragneisses and the packages appear to have been completely melted during the Albany-Fraser Orogeny.

Because of the granulite facies metamorphism and granoblastic texture, it is virtually impossible to determine the precursors to these lithologies, although they appear to represent a much deeper crustal level than the Manjimup-Pemberton area.

The Nornalup Zone is the southern- and easternmost unit of the Albany Fraser Orogen. This zone is dominated and intruded by the voluminous Recherche and Esperance Supersuites, which mask much of the original basement.

The Nornalup Zone comprises Palaeo-Mesoproterozoic paragneisses with lesser orthogneisses and occurs along the southern portions of the Albany Fraser Orogen. The zone is far less magnetic and much less deformed; relative to the Biranup and magnetically it has similarities with the Broken Hill Block and Soldiers Cap Group of the Eastern Succession of the Mount Isa Inlier.

The Nornalup Zone consists of three discrete magnetic sub-domains. The interpreted upper (in a stratigraphic sense) Denmark sub-domain contains a small number of complexly folded discontinuous linear magnetic bodies within a non-magnetic background.

Occurring adjacent to this is the magnetically active Redmond sub-domain, consisting of short-moderate strike length bodies. In terms of its character/texture, it resembles the Redan Gneiss of the Broken Hill Block, although its magnetic amplitude is significantly lower. This more magnetic sub-domain is interpreted to correspond with a lower stratigraphy consisting of quartzo-feldspathic gneisses of mixed igneous-sedimentary parentage.

The third sub-domain, the Narrikup sub-domain, comprises a highly strained mixture of the Denmark and Redmond sub-domains.

The Nornalup Zone appears to be the remnant of a once larger domain and is now extensively intruded by post tectonic granitoids on all margins. It is separated from the magnetically active Biranup Zone by a regional scale east-west trending shear zone, and a number of post-tectonic granitoids (cf. Porongurups). It appears to have an allochthonous relationship to the Biranup Zone, judging by the amount of high strain in what is in effect a transition zone between the Biranup and Nornalup Zones.

As is the case throughout the Albany-Fraser Orogen province, outcrop is poor within the Nornalup Zone, however enough outcrops have been visited to confirm that the magnetically active portions of the zone coincide with quartzo-feldspathic and basic gneisses, while the magnetically quiet areas coincide with paragneisses (some containing significant graphite).

Also present within the non-magnetic sub-domain are minor quartz-garnet-magnetite units. Significantly, analyses of the garnets indicate abundant spessartine (manganese-rich) garnet, a feature common to the main lode horizon at Broken Hill.

In the Project area both the Biranup and Nornalup Zones are mostly buried beneath an obscuring veneer (0–50 m) of Tertiary-aged sediments of the on-shore Bremer Basin.

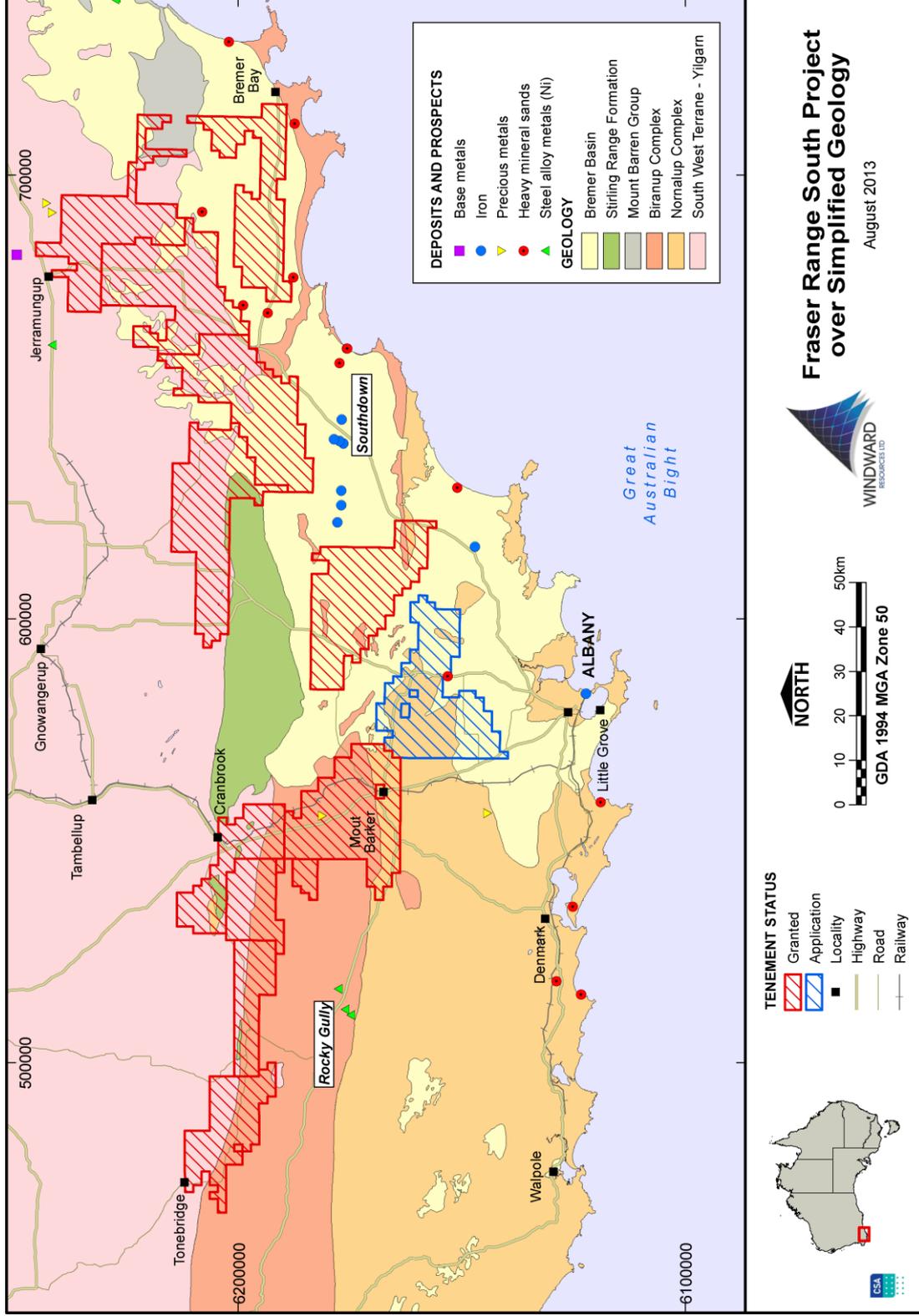


Figure 8: Simplified Geology of the Fraser Range South Project, Deposits Prospects and Windward Tenements

### 5.3.2 *Previous Exploration*

#### 5.3.2.1 *Gold*

Several gold prospects are known in the vicinity of the Project area.

The Kendenup quartz reef was discovered in 1853. The quartz reef cuts granitic gneiss, medium-grained pyritic leucogranofels, and pyritic amphibolite of the Biranup Complex, and is close to a major northwest trending fault. Five tonnes of ore sent to Victoria for treatment in the early 1870s yielded 0.13 kg of gold (Hassell, 1972; Townsend, 1994).

Gold was mined from a quartz reef in felsic gneiss and amphibolite of the Nornalup Complex at Redmond (Bluegum Creek) in 1898. The reef was reputed to assay about 10 g/t gold with high silver and copper values. The mineralization could be either Proterozoic in age, or Archaean gold mobilized during the Proterozoic.

Mountain View prospect is located some 30 km southeast of the town of Jerramungup on the Bremer Bay 1:250,000 map sheet. The prospect is defined by weakly anomalous soil and rock-chip samples across a sheared amphibolite. Gold values were below 10 ppb and have weak copper and zinc anomalies (up to 265 ppm Cu and 530 ppm Zn). The best channel sample assay was 0.3 ppm gold.

Exploration for gold and base metals was undertaken at the Calyerup Creek prospect, located 15 km east of Jerramungup. The mining lease covers an area of Archaean mafic granulite and calc- silicate gneiss within an Archaean granitoid terrain. The sequence of granulite thickens to the north-east, elsewhere the belt comprises irregular granulite lenses interspersed with feldspar-quartz porphyry. The granulite sequence has been identified as a metamorphosed analogue of the type of tholeiitic basalts found throughout the Eastern Goldfields. There exists a strong spatial relationship between sulphide and/or gold mineralisation and the granulite/feldspar porphyry contacts. Mineralisation occurs as disseminations of pyrrhotite, arsenopyrite and chalcopyrite and as quartz-sulphide veins. A comprehensive exploration programme comprising geological mapping, geochemical sampling, aeromagnetic surveying, RC and diamond drilling has been undertaken. Three phases of drilling, within the southern, central and northern workings have identified several continuous auriferous zones consistent with the down dip continuation of shallow surface workings. A small sub-economic resource was defined.

#### 5.3.2.2 *Heavy Minerals Sands*

Heavy mineral sands were discovered at the Pallingup (also known as Hick), Hurst and Jones deposits by Eucla Mining NL in the late 1980's. The deposits are hosted within the Pallingup Siltstone along a palaeoshoreline. Although these deposits are not within the boundaries of the Project area, the proximity and continuation of favourable lithologies which extend into the Project area indicate a potential for the Project to contain significant tonnages of heavy mineral sands.

#### 5.3.2.3 *Base Metals*

Base metal exploration has been conducted largely in the southern and western areas of the Project area.

Anglo America conducted base metal exploration across the Biranup Zone targeting Broken Hill-type (“BHT”) mineralisation up until 2001. Exploration included geological mapping, ground magnetic, Transient electromagnetics, surface sampling (soil, laterite, heavy mineral concentrates), drilling (aircore and RC), and petrology. Regional laterite sampling produced no significant copper, zinc, gold or silver anomalies. Drilling confirmed that the sampling media were effective. Small, discrete nickel-copper anomalies were identified over small magnetic features. Assays included up to 6,813 ppm Ni, 229 ppm Co, and 3,123 ppm Cr. The anomaly was never extensively drilled due to access issues. Results from limited drilling suggested the nickel values were indicators of ultramafic sequences.

BHP conducted exploration around the Denmark area for BHT base metal deposits in light of the Mt Barron Trilogy polymetallic discovery during 1999 to 2000. The project covered the Nornalup Zone and parts of the Biranup Zone. Exploration included aeromagnetic and radiometric surveys and interpretation, laterite-lag sampling, lead isotope study, and aircore drilling of magnetic targets and interpreted prospective stratigraphy proximal to structures. Lag sampling identified extensive As-Pb-Sb-V-Mo anomalies. Anomalism was interpreted as post-Eocene weathering of Tertiary sediments. Drilling intersected Tertiary sediments overlying a stripped laterite profile developed on Proterozoic basement comprising quartz-biotite-feldspar-garnet gneisses. Several weak lead anomalies were intersected with a best intersection of 2 m of 334 ppm Pb in the Narrikup sub-domain, but lead isotope analyses indicating that the mineralisation was related to the Albany-Fraser orogeny downgraded these anomalies. Elevated zinc assays were also recorded in basement rocks. A best intersection of 6m of 0.13% Zn, 11 ppb Au and 187 ppm Cu was returned within a garnet quartzite.

Tectonic Resources completed exploration on the Frankland Project during 1998 to 1999. Work included an aeromagnetic survey, geological reconnaissance, soil sampling and lead isotope analysis and aircore drilling. Drilling targeted a lead-arsenic anomaly and a lead only anomaly. Best intersections recorded were 18m of 1.06% Pb and 1.5% Zn from 20m, 12m of 1.12% Pb from 62m and 5m of 6.66% Cu and 2.91% Zn from 32m. CSA considers these results very promising and justify further work in the region.

Numerous companies including BHP have completed exploration across the Devil’s Creek Prospect which encompasses a package of low metamorphic grade sedimentary rocks of the Proterozoic Mount Barren Group and the Tertiary Pallinup Siltstone. During 1998 to 1999, exploration comprised laterite sampling. Strong arsenic-lead-antimony-molybdenum anomalies were noted in the northeast of the tenement on the Rowley Park property. A lead-bismuth anomaly was delineated along the eastern margin of the Gairdner River A-Class Reserve with peak assay values of 384 ppm Pb, 197 ppm Zn, 21 ppm Cu, 571 ppm As, 19.4 ppm Mo, 11.4 ppm Sb and 22 ppb Au. It is possible that these anomalies are associated with Plantagenet Group sediments. Anomalous arsenic, lead, molybdenum, antimony and bismuth are common in the western Albany-Fraser Orogen and often are associated with Tertiary cover. Aeromagnetic interpretation delineated a target that was subsequently drilled. The drilling identified weakly elevated copper and platinum group element anomalism in the first hole, and magnetic amphibolite beneath a thin cover of Pallinup Siltstone in the second and third holes. It was concluded that the magnetic amphibolite was the cause of the magnetic anomaly and no further drilling was undertaken.

Exploration by Geotech International between 2000 and 2001 comprised data review, Landsat/aerial photography, regolith mapping and lag/rock chip sampling. The maximum lag assay values of 72 ppm Cu, 21.5 ppm Pb, 280 ppm As and 2.2 g/t Au were returned from separate samples. Although outcrop was limited, no alteration or mineralisation was detected at surface and so the base metal results were not considered anomalous. This area was therefore downgraded with no follow up work

warranted. Maximum rock assay values returned 850 ppm Cu, 360 ppm Zn, 20.5 ppm Pb and 0.8 ppm Ag. The results were anomalous and further sampling might have provided better targets but due to limited tenement coverage and results from other tenements in the region, it was not a priority for follow up work.

#### 5.3.2.4 Magnetite

The Southdown Magnetite Deposit is located approximately 90 km northeast of the Port of Albany on the south coast of Western Australia. The deposit is known to extend a distance of approximately 12 km in length, with the western 6 km held by Grange Resources Limited.

Evaluation of the Southdown Magnetite Deposit by other explorers commenced in the mid 1980's with airborne and ground magnetic surveys outlining a magnetic anomaly over a strike length of approximately 13 km.

The magnetite mineralisation is contained within banded quartz magnetite gneiss that varies in thickness from 50m to 100m and dips at approximately 60° to the south. The deposit extends for a strike length of approximately 13 km. Interpretation of the drilling data indicates that the Southdown Deposit consists of a gently east-plunging, overturned tightly folded syncline that is offset by northwest trending faults. The core of the syncline is complexly folded and occupied by intensely metamorphosed quartz-magnetite-clinopyroxene gneiss and garnet-biotite gneiss. In the western 6 km portion of the deposit, the vertical depth to the keel of the syncline is approximately 300 m and increases to a vertical depth in excess of 400 m in the eastern portion of the deposit. The thickness of the magnetite mineralisation ranges from 70–100 m and averages 85 m.

#### 5.3.3 Recent Exploration

The tenements have only been held for a relatively short period by Creasy Group and little substantial field work has yet been completed.

The work completed so far has comprised compilation of historical data, assessment of targets and planning exploration methodologies.

A HeliTEM survey was flown on E70/4068 targeting magnetic anomalies considered analogous to the situation at Heron Resources Rocky Gully Prospect, located 30 km away. A number of EM anomalies of interest were identified and further work is warranted on these targets.

#### 5.3.4 Exploration Potential

The Fraser Range South Project coverage of the Biranup and Nornalup Zones of the Albany Fraser Orogen, provides exposure to areas prospective for a range of commodities, principally gold and base metals.

There is potential for primary and lateritic gold deposits in the western licence areas, potentially in slices of greenstone preserved along fault zones. There is also potential for gold mineralisation in the Biranup and Nornalup Complexes in structural settings, and along the major shear zone that separates the Boddington Terrane from the Lake Grace Terrane at the southern extent of the Yilgarn Craton. With the Tropicana and Corvette deposit models in mind, structurally controlled gold mineralisation with minor surface expression is a significant analogy to pursue.

The Trilogy deposit, located near Ravensthorpe in southern Western Australia, is a polymetallic massive sulphide deposit hosted within the conductive graphitic phyllites of the Proterozoic Mount Barren metasediments. There are two different styles of mineralisation, lead-zinc massive-style and copper-gold stringer-style mineralisation, contained within a silicified envelope that hosts the mineralisation. Analogous settings are possible within the Fraser Range South Project areas. Base metal mineralisation could be structurally remobilised and spatially detached from its source. Lead may indicate structural remobilisation as it does in the Yilgarn Craton. Historical exploration has uncovered encouraging base metal results that warrant further evaluation.

Potential for magnetite deposits exists along strike to the west and east of the Grange Resources Southdown Magnetite Deposit, and in similar settings in the same host package of rocks. This area covers extensions of the magnetic feature hosting the magnetite deposit at Southdown, but appears to be under a greater depth of cover. Localised structures visible on regional magnetics allow for possible remobilisation and concentration of magnetite.

Uranium mineralisation potential exists in the form of palaeo-valley (sandstone-hosted and lignite-associated, Mulga Rocks-style, deposits). Documented tectonic uplift and transgressive/regressive sea level changes have allowed for the formation of relatively thick sedimentary sequences as possible uranium hosts, and the redox boundaries within the major palaeovalleys draining the Yilgarn into the Bremer/Eucla Basins provide viable targets.

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## 6 Potential Liabilities/Risks

The Schedule of Endorsements attaching to each of the exploration licences stipulate that the grant of the licence does not infer automatic approval to mine or the subsequent grant of a mining lease in accordance with Section 75 of the Mining Act. This is a standard condition of grant for exploration licences.

The overall potential for substantive liabilities to arise, and the risk attaching to security of tenure is assessed as low.

## 7 Valuation

### 7.1 Methodology and Assumptions

Mineral Assets are defined in the VALMIN Code as all property including, but not limited to real property, intellectual property, and/or mining and exploration tenements held or acquired in connection with the exploration, development and/or production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Business valuers typically define market value as “The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm’s length.” The accounting criterion for a market valuation is that it is an assessment of “fair value”, which is defined in the accounting standards as “the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.” The VALMIN Code defines the Value of a Mineral Asset as its Fair Market Value, which is the estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of the Expert or Specialist reached in accordance with the provisions of the VALMIN Code, the Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

Fair Market Value usually consists of two components, the underlying or Technical Value, and a premium or discount relating to market, strategic or other considerations. The VALMIN Code recommends that a preferred or most likely Value be selected as the most likely figure within a range after taking into account those factors which might impact on Value.

The concept of Fair Market Value hinges upon the notion of an asset changing hands in an arm’s length transaction. Fair Market Value must therefore take into account, inter alia, market considerations, which can only be determined by reference to “comparable transactions”. Generally, truly comparable transactions for Mineral Assets are difficult to identify due to the infrequency of transactions involving producing assets and/or resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on.

For exploration tenements, the notion of Value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any “cash equivalent of some other consideration”. Whilst acknowledging these limitations, CSA has identified what it considers to be comparable transactions that have been used in assessing the Values to be attributed to the Mineral Assets.

CSA’s Valuations are based on information provided by Windward and public domain information. This information has been supplemented by independent enquiries, but has not been independently verified. No audit of any financial data has been conducted. The Valuations discussed in this Report have been prepared at a Valuation Date of 22<sup>nd</sup> October 2012. It is stressed that the Values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

### 7.1.1 Valuation Methods for Exploration Projects

The choice of valuation methodology applied to mineral assets, including exploration licences, will depend on the amount of data available and the reliability of that data.

The VALMIN Code classifies mineral assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have well-defined Ore Reserves, as listed below:

**“Exploration Areas”** – properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.

**“Advanced Exploration Areas”** – properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on, at least, one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the projects to the resource category.

**“Pre-Development Projects”** – properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made.

**“Development Projects”** – properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.

**“Operating Mines”** - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived “fair market valuation”.

The Fair Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by four general approaches: Cost; Market; Geoscience Factor or Income:

**Appraised Value or Exploration Expenditure Method** considers the costs and results of historical exploration.

The Appraised Value Method utilises a Multiple of Exploration Expenditure (“MEE”) which involves the allocation of a premium or discount to past expenditure through the use of the Prospectivity Enhancement Multiplier (“PEM”). This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

Guidelines for the selection of a PEM value have been proposed by several authors in the field of mineral asset valuation. Some of these guidelines are as follows:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration (but where past expenditure may have discounted some of the property’s mineral potential);
- to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- to 3.0 where ore grade intersections or exposures indicative of economic resources are present.” (Onley, 1994).

**Market Approach Method or Comparable Transactions** looks at prior transactions for the property and recent arm's length transactions for comparable properties.

The Comparable Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder. The joint venture or farm-in terms, of themselves, do not represent the value of the tenements concerned. To determine a value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood that commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50/50 chance that a joint venture agreement will run its term. Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then "grossed up" according to the interest to be earned to derive an estimate of the Value of the tenements at the time that the agreement was entered into.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current Value of a tenement or tenements will be the Value implied from the terms of the most recent transaction involving it/them, plus any change in Value as a result of subsequent exploration. Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any Value, except perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any Value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

High quality mineral assets are likely to trade at a premium over the general market. On the other hand exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to the general market. Market Values for exploration tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

**Geoscience Factor Method** seeks to rank and weight geological aspects, including proximity to mines, deposits and the significance of the camp and the commodity sought.

The Geoscience Factor (or Kilburn) method provides an approach for the technical valuation of the exploration potential of mineral properties, on which there are no defined resources.

Valuation is based upon a calculation in which the geological prospectivity, commodity markets, and mineral property markets are assessed independently. The Kilburn method is essentially a technique to define a value based upon geological prospectivity. The method appraises a variety of mineral property characteristics:

- 1) Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies:
- 2) Location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralisation known to exist on the property being valued:
  - Number and relative position of anomalies on the property being valued;
  - Geological models appropriate to the property being valued.

The Kilburn method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors (Table 4).

The Basic Acquisition Cost (“BAC”) is an important input to the Kilburn Method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environmental etc.) and statutory expenditure for a period of 12 months. This has been established at \$300 to \$350 per square kilometre for exploration licences in Western Australia. Each factor is then multiplied serially by the BAC to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

**The Income Approach** is relevant to exploration properties on which undeveloped mineral resources have been identified by drilling. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit and discounting to the present day (“DCF”) and determining a Net Present Value (“NPV”).

Where mineral resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters is inappropriate and their economic value can therefore not be demonstrated using the more conventional DCF/NPV approach. In these instances it is considered appropriate to use the *in situ* Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

**Table 4: Kilburn Geoscience Factor Ranking**

Rating	Off Property Factor	On Property Factor	Anomaly Factor	Geological Factor
0.1				Generally unfavourable lithology
0.2				Generally unfavourable lithology with structures
0.3				Generally favourable lithology (10%-20%)
0.4				
0.5			Extensive previous exploration with poor results	Alluvium covered, generally favourable lithology (50%)
0.6				
0.7				
0.8				
0.9				Generally favourable lithology (50%)
1	No known mineralisation	No known mineralisation	No targets outlined	Generally favourable lithology (70%)
1.5	Minor workings	Minor workings		Generally favourable lithology
2	Several old workings	Several old workings	Several well defined targets	Generally favourable lithology with structures
2.5	Abundant workings	Abundant workings		
3			Several significant sub-economic intersections	Generally favourable lithology with structures along strike of a major mine
3.5	Abundant Workings/mines with significant historical production	Abundant Workings/mines with significant historical production		
4				
4.5				
5	Along strike from major mine(s)	Major mine with significant historical production	Several significant ore grade co-relatable intersections	
10	Along strike from major world class mine(s)			

## 7.2 Technical Valuation of Mineral Assets

Following a review of publicly available information, and technical data as provided by Windward, The Geoscience Factor Approach, Income Approach, Appraised Value and the Market Approach Methods were reviewed for their suitability to the Project.

The Fraser Range-LRG, Fraser Range-Ponton and Fraser Range South Projects are classified as “Exploration Areas” by CSA, though the Brookman target within the Fraser Range-LRG Project can be classified as an “Advanced Exploration Area”.

It is the opinion of CSA that the Market Approach provides the most reliable indicator of the Fair Market Value for appraising mineral assets of this kind. This is because it is based on actual transactions where mineral assets have changed hands between willing sellers and willing buyers as part of an arm’s length transaction. However, it was decided to also review the outcome of both the Geoscience Factor method for comparative purposes.

The Income Approach Method is not considered appropriate to the Projects due to the early phase of evaluation and lack of Mineral Resources.

### 7.2.1 Previous Valuations

CSA is not aware, nor have we been made aware, of any previous valuations completed on Windward’s tenement portfolio.

### 7.2.2 Tenements included in the Valuation

Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements. While a tenement is under application there is uncertainty as to whether it will be granted or not all the area applied for will be granted due to environmental, Native Title or other reasons. The WA Mining Act does not automatically grant rights to the top

### 7.2.3 Market Approach - Analysis of Comparable Transactions

CSA has conducted a review of recent publicly available market transactions involving gold and nickel exploration projects located in or nearby the Albany Fraser Orogen. A total of 24 deals considered relevant to Windward’s Projects were identified. The transactions were reported over the period September 2006 to August 2013. Summary information about the reviewed transactions along with the implied cash-equivalent values per square kilometre are summarised in Appendix 2.

The transactions have focussed on the eastern Albany Fraser Orogen following the discoveries of the Tropicana gold deposit in 2006 and the Nova nickel-copper deposit in 2012. Of the 24 transactions reviewed 15 related to gold projects, four related to nickel projects and five related to projects with both nickel and gold potential. There does not appear to be any significant difference in transaction values between gold dominated projects and those projects with nickel or nickel and gold potential.

Whilst most of the transactions involved consideration of shares with or without some cash component, some of the transactions are farm-ins and in these instances the value of future committed expenditure has been discounted by 50%.

The review of the relevant transactions highlights a wide range of acquisition values (\$600 per km<sup>2</sup> to \$12,000 per km<sup>2</sup>) for projects in the Albany Fraser Orogen. The large range of implied values is in part a reflection of the significant change in the market's perception of the potential of the terrane since the discovery of the Tropicana deposit and more recently the escalation of deals following the identification of nickel sulphide mineralisation at Nova. In addition to changes in market perception of prospectivity, deal values are also affected by general market factors such as access to capital and commodity prices and other issues e.g. premiums associated with company takeovers.

The highest-value transaction of those reviewed relates to two separate valuations of the Corvette Project during a merger between Tianshan Goldfields and Corvette Resources and a prior takeover of Corvette by Cape Lambert Iron Ore (see Appendix 2). An independent valuation of the Corvette Project at the time of the Tianshan deal implied a cash equivalent value of \$12,000 per km<sup>2</sup> which is considerably higher than most of the other transactions reviewed. The Independent Expert's range of values for the Corvette Project was from \$2,400 per km<sup>2</sup> to \$12,000 per km<sup>2</sup> and the Preferred Value was at the very top of this range. Because of this wide range and in light of subsequent transaction values the Corvette implied values are considered anomalous.

Further review of the transactions indicates that higher values were achieved on older deals (pre-2010) with the highest values during 2008–2009 (ranging from \$1,100 to \$6,000 per km<sup>2</sup> with an average around \$3,100 per km<sup>2</sup>). More recently (2012–2013) there appears to have been less variability in values achieved (ranging from \$750 to 2,100 per km<sup>2</sup> with an average of \$1,250 km<sup>2</sup>).

Given the lower and more consistent range in recent transactions (2012-2013) and the poorer market sentiment in 2013, these latter transactions are considered more comparable to the transaction on Windward's Projects. Consequently CSA has chosen an implied value range of \$1,000 to 2,500 per km<sup>2</sup>. Due to the large area, strategic location and prospective geology, a Preferred Value of \$2,000 per km<sup>2</sup> has been chosen for the Fraser Range tenements.

For the **Fraser Range-LRG assets**, with a tenement area of 2,000 km<sup>2</sup>, the value of the Project would lie between \$2.0M and \$5.0M, with a Preferred Value of \$4.0M. Windward will have a 70% interest in the projects, which equates to range from \$1.4 to \$3.5M and Preferred Value of \$2.8M.

For the **Fraser Range-Ponton assets**, with a tenement area of 1,497km<sup>2</sup>, the value of the Project would lie between \$1.5M and \$3.7M, with a Preferred Value of \$3.0M. Windward will have a 70% interest in the projects, which equates to range from \$1.1 to \$2.6M and Preferred Value of \$2.1M.

Transactions relating to the Southwest Gneiss Terrane of the Yilgarn Craton are very limited. Only two transactions have been identified, namely an Elecktra Gold deal to acquire the Dinninup Project which valued the project at \$1,100 per km<sup>2</sup>, and the Dominion-Kingsgate merger that valued the Southwest Yilgarn projects at \$1,000 per km<sup>2</sup>. Overall these values reflect a lower transaction value than projects in the more established goldfields greenstone belts to the north and east.

Therefore for the **Fraser Range South assets** CSA has chosen an implied value range of \$500 to \$1,500 per km<sup>2</sup>, with a Preferred Value of \$1,000 per km<sup>2</sup>.

The existing Windward JV tenements cover 767km<sup>2</sup> and the value of these licences would lie between \$0.38M and \$1.2M with a Preferred Value of \$0.8M. Windward's 70% interest in these licences is therefore equates to a range from \$0.27–0.81M and Preferred Value of \$0.54M.

The balance of the Fraser Range South Project area covers an area of 4289 km<sup>2</sup> and therefore the value of these tenements would lie between \$2.1M and \$6.4M with a Preferred Value of \$4.3M. Windward will have a 70% interest in the projects, which equates to range from \$1.5–4.5M and Preferred Value of \$3.0M.

A summary of the implied values using the Market Approach are provided in Table 5.

**Table 5: Summary of Valuations using the Market Approach**

Project	Mineral Asset	Ownership	Granted Area km2	Valuation using Market Approach		
				Low	High	Preferred
				\$M	\$M	\$M
Fraser Range-LRG	(Advanced) Exploration Area	70%	2000	1.4	3.5	2.8
Fraser Range-Ponton	Exploration Area	70%	1497	1.1	2.6	2.1
Fraser Range South (excluding current 2 JV ELs)	Exploration Area	70%	4289	1.5	4.5	3.0
<b>Totals</b>			<b>7786</b>	<b>3.9</b>	<b>10.6</b>	<b>7.9</b>
Fraser Range South (CURRENT 2 JV ELs)	Exploration Area	70%	767	0.27	0.81	0.54

- The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

#### 7.2.4 Geoscience Factor Analysis – “Kilburn Method”

Exploration by past holders of the projects, together with pre-competitive public domain data provide by the GSWA, has included desk-top studies of historical exploration data, field traversing and mapping, soil and calcrete sampling and geophysics. It has also included RAB, aircore and limited RC percussion with subsequent geoscientific studies.

This work has identified significant gold mineralisation and a number of targets for further drill testing which may be considered prospective for gold and nickel, and potentially other types of mineralisation.

Based upon an assessment of the available data the Kilburn method (Table 4 and Table 7) has been used to derive a value for Windward's Projects.

**Table 6: Geoscience Factor Valuation for Fraser Range Project Tenements (Market Factor = 1.0)**

Tenement	Area	BAC	Off Property		On Property		Anomaly		Geology		Lower	Higher	Preferred
			Low	High	Low	High	Low	High	Low	High			
E28/1710	586	350	1.2	1.5	1.0	1.0	1.5	2.0	0.4	1.5	150,000	920,000	780,000
E28/1711	590	350	1.2	1.5	1.0	1.0	1.5	2.0	0.4	1.5	150,000	930,000	790,000
E28/1712	588	350	1.2	1.5	1.0	1.0	1.0	1.5	0.4	1.5	100,000	690,000	590,000
E28/1713	123	350	1.5	2.0	1.5	2.0	2.0	3.0	0.5	2.5	100,000	1,290,000	1,100,000
E28/1715	114	350	1.5	2.0	1.0	2.0	2.0	3.0	0.5	2.5	60,000	1,190,000	1,010,000
E28/2017	331	350	1.5	2.0	1.0	1.0	1.0	1.0	0.5	2.0	90,000	460,000	390,000
E69/2989	583	350	1.0	2.0	1.0	1.0	1.0	1.0	0.4	1.0	80,000	410,000	350,000
E69/2990	582	350	1.0	1.5	1.0	1.0	1.0	1.0	0.4	1.0	80,000	310,000	260,000
													5,270,000

**Table 7: Geoscience Factor Valuation for Fraser Range South Project – New Licences (Market Factor = 1.0)**

Tenement	Area	BAC	Off Property		On Property		Anomaly		Geology		Lower	Higher	Preferred
			Low	High	Low	High	Low	High	Low	High			
E70/3112	329	350	1.0	1.0	1.0	1.0	1.0	1.0	0.5	2.0	60,000	230,000	200,000
E70/3113	215	350	1.0	1.0	1.0	1.0	1.0	1.0	0.6	2.0	50,000	150,000	130,000
E70/3114	298	350	1.0	1.0	1.0	1.0	1.0	1.0	0.6	2.0	60,000	210,000	180,000
E70/3115	568	350	1.0	1.0	1.0	1.0	1.0	1.0	0.6	2.0	120,000	400,000	340,000
E70/3116	437	350	1.0	1.0	1.0	1.5	1.0	1.0	0.6	2.0	90,000	460,000	390,000
E70/3117	478	350	1.0	2.0	1.0	1.0	1.0	1.5	0.8	2.0	130,000	1,000,000	850,000
E70/4064	566	350	1.5	2.0	1.0	1.0	1.0	1.5	1.0	2.0	300,000	1,190,000	1,010,000
E70/4068	566	350	1.0	1.0	1.5	2.0	1.0	2.0	0.6	2.5	180,000	1,980,000	1,680,000
E70/4084	567	350	1.0	1.0	1.0	1.0	1.0	1.0	0.6	1.5	120,000	300,000	260,000
E70/4495	54	350	1.0	1.5	1.0	1.0	1.0	1.0	0.4	2.5	10,000	70,000	60,000
E70/4105	213	350	1.0	1.5	1.0	1.0	1.0	1.0	0.4	2.5	30,000	280,000	240,000
													5,340,000

**Table 8: Geoscience Factor Valuation for Fraser Range South Project Tenements –Current JV (Market Factor = 1.0)**

Tenement	Area	BAC	Off Property		On Property		Anomaly		Geology		Lower	Higher	Preferred
			Low	High	Low	High	Low	High	Low	High			
E70/4083	568	350	1.0	1.0	1.0	1.0	1.0	1.0	0.6	1.5	120,000	300,000	260,000
E70/4085	199	350	1.0	1.5	1.0	1.0	1.0	1.0	0.6	2.0	40,000	210,000	180,000
													440,000

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

CSA consider that the Kilburn method tends to undervalue projects in the earliest stages of exploration, so a Preferred Value towards the top of the range (based on 85% of the higher value) was chosen for this method.

This provides a Preferred Valuation using the Geoscience Factor Method of \$5.3M for the Fraser Range Projects and \$5.3M for the Fraser Range South Projects (excluding the current JV licences). Windward will have a 70% interest in the projects, which equates to Preferred Values of \$3.7M for the Fraser Range Projects and \$3.7M for the Fraser Range South Projects.

This range and Preferred Value are similar to that derived from the Market Approach, providing good support for the Preferred Value.

The Kilburn method indicates similar values to the Market Approach for Windward's 70% interest in the projects, with a combined range of values from \$1.4M to \$8.7M and a Preferred Value of \$7.4M.

**Table 9: Summary of Geoscience Factor Approach Valuations**

Project	Mineral Asset	Ownership	Granted Area km <sup>2</sup>	Valuation using Geoscientific Approach		
				Low	High	Preferred
				\$M	\$M	\$M
Fraser Range-LRG	(Advanced) Exploration Area	70%	2,000	0.4	3.5	3.0
Fraser Range-Ponton	Exploration Area	70%	1,497	0.2	0.8	0.7
Fraser Range South (excluding current 2 JV ELs)	Exploration Area	70%	4,289	0.8	4.3	3.7
<b>Totals</b>			<b>7,786</b>	<b>1.4</b>	<b>8.7</b>	<b>7.4</b>
Fraser Range South (CURRENT 2 JV ELs)	Exploration Area	70%	767	0.1	0.4	0.3

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

#### 7.2.5 Preferred Value of Windward's Projects

CSA concludes that Windward's tenement portfolio presents exposure to an attractive range of grassroots to advanced exploration plays. Further exploration work is warranted on the tenements.

It is CSA's opinion that the Fair Market Value of Windward's Projects is best assigned using the Market Approach based on comparable transactions.

Different Implied Values were applied to the Fraser Range and Fraser Range South Project packages reflecting the varying degree of perceived prospectivity, market focus on the Fraser Zone and Nova discovery and extent of exploration completed.

**Based on a series of comparable transactions dating back to 2006, it is estimated that the value of Windward's 70% interest in the Fraser Range Project lies between \$2.5M and \$6.1M with a Preferred Value of \$4.9M.**

The Preferred Value uses an Implied Value close to the median transaction value and is close agreement with transactions in the past 12 months.

**The value of Windward's 70% interest in the Fraser Range South Project (excluding the current JV licences) lies between \$1.5M and \$4.5M, with a Preferred Value of \$3.0M.**

The value of the current 70% Windward JV tenements in the Fraser Range South Project is estimated to be within the range \$0.3M to \$0.8M, with a Preferred Value of \$0.5M.

The lower Implied Values for the Fraser Range South Project reflect the limited number of transactions for this part of the Yilgarn and the general limited success thus far in the identification of economic deposits.

**Overall, the Preferred Value for the 70% Windward interest in the projects (excluding the current JV tenements) is \$7.9M, from a range of \$3.9M to \$10.6M; plus the Preferred Value of the JV tenements which is \$0.5M, from a range of \$0.3M to 0.8M.**

As a further validation of the Preferred Value, the Kilburn Geoscience Factor method was also applied to Windward's tenements. The Kilburn method indicated similar values to the Market Approach for Windward's 70% interest in the projects, with a combined range of values from \$1.4M to \$8.7M.

CSA consider that the Kilburn method tends to undervalue projects in the earliest stages of exploration, so a Preferred Value towards the top of the range (based on 85% of the higher value) of \$7.4M for all Windward's assets was chosen for this method. This range and Preferred Value are similar to that derived from the Market Approach, providing good support for the Preferred Value.

There is significant range in the values derived for Windward's Projects. CSA has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the projects, given the uncertainties inherent in valuing early stage exploration projects.

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

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## Glossary

Aeolian	Sand deposits derived from transport by the wind
Archaean:	Widely used term for the earliest era of geological time spanning the interval from the formation of Earth to about 2,500 million years ago.
biotite:	A type of black mica
calcrete:	calcium-rich duricrust, a hardened layer in or on a soil. It is formed on calcareous materials as a result of groundwater fluctuations in arid and semiarid regions.
carbonate:	A sediment formed from the organic or inorganic precipitation from aqueous solution of carbonates of calcium, magnesium, or iron; e.g., limestone and dolomite.
chalcopyrite:	A bright brass-yellow copper-iron sulphide: $\text{CuFeS}_2$ .
chlorite:	Family of tetrahedral sheet silicates of iron, magnesium, and aluminium, characteristic of low-grade metamorphism.
craton:	Large, and usually ancient, stable mass of the Earth's crust.
Cretaceous:	Final period of the Mesozoic era, 135-65 million years ago.
diamond drilling:	A method of obtaining a cylindrical core of rock by drilling with a diamond-set or diamond impregnated bit.
dyke:	Thin, sheet-like intrusion of magmatic (igneous) rock.
electromagnetic (EM) survey:	A geophysical survey technique where potential fields are measured under the influence of an applied current.
facies:	Changes in composition, mineral associations or crystallisation sequence brought about by different depositional environments, increasing distance from source, or differing physical and chemical parameters.
felsic:	Light coloured rocks containing an abundance of feldspars and quartz.
foliation:	The banding or lamination of metamorphic rocks as distinguished from stratification in sedimentary rocks.
gabbro:	A coarse-grained mafic intrusive rock, which is low in silica and has relatively high levels of iron and magnesium minerals.
GIS:	Acronym for Geographical Information Systems.
granite:	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas
greenstones:	Compact dark green altered or metamorphosed basic igneous rocks that owe their colour to the presence of green minerals,
greenstone belt:	Term applied to elongate or belt-like areas within Precambrian shields that are characterised by abundant greenstones
HMS:	Heavy Mineral Sands
hydrothermal:	Hot water associated with thermal springs or felsic intrusive rocks.
igneous:	Rocks that have solidified from a magma.
JORC:	The Joint Ore Reserves Committee (Australia). The JORC Code for the classification and reporting of mineral resources and ore reserves has now become an internationally accepted standard.
laterite:	Red residual soil developed in humid, tropical, and subtropical regions of good drainage.
Ma:	An abbreviation for 'million years ago'.
mafic:	Descriptive of rocks composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.
magnetite:	A naturally occurring magnetic oxide of iron ( $\text{Fe}_3\text{O}_4$ )
mantle:	The zone between the core and crust of the earth
metallogenic:	Association of metal ores that is peculiar to a particular region, or period of time.

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meta-:	A prefix meaning 'metamorphosed'.
mylonite:	A compact, chert like rock without cleavage, produced by the extreme granulation and shearing of rocks
orogeny:	Process by which mountain structures develop.
pegmatite:	An exceptionally coarse-grained igneous rock, with interlocking crystals, usually found as irregular dykes, lenses or veins.
percussion drilling (RC):	Drilling method employing a repeated hammering action on a drill bit, also known as Reverse Circulation (RC) drilling.
pluton:	A body of igneous rock formed beneath earth surface by consolidation from magma.
porphyry:	An igneous rock of any composition that contains conspicuous phenocrysts (coarse crystals) in a fine-grained groundmass.
Precambrian:	All geologic time, and its corresponding rocks, before the beginning of the Palaeozoic (from 570 Ma back).
Proterozoic:	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
pyrite:	A very common iron sulphide mineral $FeS_2$ .
pyrrhotite:	A magnetic iron sulphide mineral (complex structure, summary $Fe_7S_8$ formula)
schist:	A micaceous crystalline metamorphic rock having a foliated structure
sericite:	A white or pale apple green potassium mica,
shear:	Deformation resulting from stresses that cause contiguous parts of a body to slide relative to each other in a direction parallel to their plane of contact.
stratigraphic:	The arrangement of strata; pertaining to the sequence of rocks
strike:	The direction or trend taken by a structural surface.
stockwork:	A mineral deposit consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.
sulphide minerals:	Mineralisation characterised by compounds of metals and sulphur.
supergene:	Oxidation, electrolytic and solution effects brought about by low temperature, ground-water activity.
syncline:	A configuration of folded, stratified rocks in which rocks dip downward from opposite directions to come together in a trough.
synform:	A fold whose limbs close downward in strata for which the stratigraphic sequence is unknown.
tectonised:	Rocks that have been deformed by movement of the crust
thrust:	An overriding movement of one crustal unit over another.
ultramafic:	Igneous rock in which more than 90% of the minerals are ferromagnesian minerals.

## Appendix 1 – Tenements

Holder/s	Project	Tenement ID	Blocks	km <sup>2</sup>	Current Status	Expiry	Next Rent \$	Minimum Expenditure for next Year \$
Lake Rivers Gold Pty Ltd	FRN-LRG	E28/1710	199	586	Granted	23/09/2017	49,969	398,000
Lake Rivers Gold Pty Ltd		E28/1711	200	590	Granted	23/09/2017	50,220	400,000
Lake Rivers Gold Pty Ltd		E28/1712	200	588	Granted	23/09/2017	50,220	400,000
Lake Rivers Gold Pty Ltd / Sirius Gold Pty Ltd	FRN-LRG	E28/1713	42	123	Granted	23/09/2017	10,546	84,000
Lake Rivers Gold Pty Ltd / Sirius Gold Pty Ltd		E28/1715	39	114	Granted	23/09/2017	9,793	78,000
Ponton Minerals Pty Ltd	FRN-Ponton	E28/2017	113	331	Granted	21/09/2016	13,447	113,000
Ponton Minerals Pty Ltd		E69/2989	200	583	Granted	03/04/2018	23,800	200,000
Ponton Minerals Pty Ltd		E69/2990	200	582	Granted	28/05/2018	23,800	200,000
			1193	3496			231,795	1,873,000

A “Block” in Table 2 refers to a graticular block (known elsewhere as a sub-block and is defined as one minute of latitude by one minute of longitude. The area of a block varies with latitude, progressively decreasing with increasing latitude due to the convergence of the lines of longitude toward the earth’s poles. In the Project area, a block is approximately 3 km<sup>2</sup>.

Holder/s	Project	Tenement ID	Blocks	km <sup>2</sup>	Current Status	Expiry	Next Rent \$	Minimum Expenditure for next Year \$
Mark Gareth Creasy	Fraser Range South	E70/3112	116	329	Granted	11/03/2018	13,804	116,000
Mark Gareth Creasy		E70/3113	76	215	Granted	11/03/2018	9,044	76,000
Mark Gareth Creasy		E70/3114	105	298	Granted	11/03/2018	12,495	105,000
Mark Gareth Creasy		E70/3115	200	568	Granted	11/03/2018	23,800	200,000
Mark Gareth Creasy		E70/3116	154	437	Granted	11/03/2018	18,326	154,000
Mark Gareth Creasy		E70/3117	168	478	Granted	11/03/2018	19,992	168,000
NBX Pty Ltd		E70/4064	200	566	Granted	28/05/2018	23,800	200,000
NBX Pty Ltd		E70/4068	200	566	Granted	05/07/2017	23,800	200,000
NBX Pty Ltd		E70/4084	200	567	Granted	17/02/2018	23,800	200,000
Great Southern Gold		E70/4105	75	213	Granted	17/02/2018	8,925	75,000
NBX Pty Ltd	E70/4495	17	54	Granted	31/07/2018	2,023	20,000	
			1511	4289			179,809	1,514,000

Holder/s	Project	Tenement ID	Blocks	km <sup>2</sup>	Current Status	Expiry	Next Rent \$	Minimum Expenditure for next Year \$
WIN/NBX JV	Fraser Range South (Current WIN projects)	E70/4083	200	568	Granted	06/03/2017	23,800	200,000
WIN/NBX JV		E70/4085	70	199	Granted	06/03/2017	8,330	70,000
			270	767			32,130	270,000



Holder/s	Project	Tenement ID	Blocks	km <sup>2</sup>	Current Status	Expiry	Next Rent \$	Minimum Expenditure for next Year \$
NBX Pty Ltd	Fraser Range South	E70/4065	200	564	Pending	N/A	N/A	N/A

## Appendix 2 – Comparable Transactions

Table 10: Comparable Transactions for Windward's Projects

Project	Metal	Date	Transaction Details	Asset Details	Deal Value (\$M)	Area km <sup>2</sup>	Implied Value per km <sup>2</sup> (\$)
Peninsula Project Extended	Nickel	Aug-13	<p>Orion has signed a binding term sheet with Creasy Group to acquire a 70% interest in a portfolio of seven tenements surrounding and contiguous with Orion's Peninsula Project.</p> <p>The consideration for the acquisition is 15 million Orion shares and 18.5 million options with various terms and exercise prices, which will result in the Creasy Group emerging with an 11 per cent stake in Orion, fully diluted after completion of the proposed \$5 million capital raising.</p> <p>ORN Share price pre &amp; post deal was 13.5 cents</p> <p>Note: the value of options was not considered when determining the deal value.</p>	<p>Orion believes that the tenements are highly prospective for magmatic Voisey's Bay-style nickel-copper discoveries. In addition, historical exploration in the area has identified potential for gold, PGE and chromite mineralisation. Significantly, the tenements cover the northern extension of the Peninsula Intrusion, a mafic/ultramafic intrusion identified in exploration by Western Areas between 2000 and 2006 and which returned anomalous bedrock nickel-copper-cobalt-sulphur results in RC drilling in 2005. Orion's existing Peninsula Project already covers the bulk of this intrusion.</p>	2.89	2,628	1,100
Mt Andrew	Gold, Nickel	Jul-13	<p>Terrain Minerals farm-in to Ashburton Minerals (ATN) Mt Andrew Joint Venture Project.</p> <p>Terrain is to sole fund \$170,000 of field work to prepare and drill test at least two (possibly four) EM conductors to earn 25% (or half or ATN's current 50%) interest in the project. ATN will manage the works.</p>	<p>The project's northern portions are strategically situated with-in the Fraser Metamorphic Complex. A number of VTEM targets have been identified</p>	0.68	290	1,700



Project	Metal	Date	Transaction Details	Asset Details	Deal Value (\$M)	Area km <sup>2</sup>	Implied Value per km <sup>2</sup> (\$)
E28/2268	Nickel	Jul-13	Rumble Resources & Urucum Rumble has paid \$15,000 for a 6 month option. Rumble may acquire the project 100% by paying the purchase price prior to the expiration of the option period. The purchase price shall be \$30,000 in cash and \$70,000 in listed shares, with one free attaching option for each listed share	Previous drilling on the Fraser Range Project consisted of 2 diamond drill holes completed by Teck between 2007 and 2010 focussing on IOCG style mineralisation. The two diamond drill holes targeted a sub circular gravity anomaly and a magnetic anomaly. The previous exploration intersected metagabbro rock units which also host the Nova Nickel Copper discovery. Of importance is that the age dating of the rocks by the Geological Survey of WA (GSWA) suggests the metagabbro rock units at the Fraser Range Project are of a similar age to the Nova Discovery rock units.	0.12	68	1,700
Fraser Range Project	Nickel, Gold	Jul-13	RAM will purchase 70% of Regency's interest in the Fraser Range Project for the following consideration: i. Such number of ordinary fully paid shares (Shares) in the capital of Ram as will (together with the 155,000,000 Shares currently held by Regency) represent 19.9% of the enlarged issued capital of Ram at completion; At 30/6/13 RMR reported 1,392,791,829 Ordinary Securities; the share price in July averaged \$0.0015	The project's northern portions are strategically situated with-in the Fraser Metamorphic Complex and cover a number of VTEM anomalies.	0.59	271	2,100



Project	Metal	Date	Transaction Details	Asset Details	Deal Value (\$M)	Area km <sup>2</sup>	Implied Value per km <sup>2</sup> (\$)
Plumridge (Corvette)	Gold	Jun-13	IGS has executed a binding farm-in agreement with a private Australian company. Under the terms of the farm in agreement the private entity will spend A\$1 million on the Plumridge Project over a period of 18 months to earn an interest in the Plumridge Project of 60% (IGS retaining 40% interest).	The Plumridge Project is hosted in the Albany-Fraser Belt. The Project straddles the contact between the Fraser Zone and Eastern Biranup Zone units within the Albany-Fraser Belt. A VTEM survey has identified multiple anomalies for follow-up work. The Corvette gold anomaly is a 10 km long gold anomaly with multiple intercepts of gold mineralisation in localised areas of RC drilling. The extensive gold anomaly has several target areas requiring follow-up drilling.	1.67	831	1,000
Fraser Range & Tropicana Belts	Nickel, Gold	Mar-13	Orion Gold & Kamax * Kamax shareholders will receive 86 Orion ordinary shares for every 100 Kamax ordinary shares and 86 Orion options (exercisable at 20 cents at any time until 30 April 2014) for every 100 Kamax options. Shares traded at 10 cents after announcement	The agreement, which involves Orion acquiring all the shares in Kamax Resources, covers more than 913 km <sup>2</sup> of granted tenements and 669 km <sup>2</sup> of additional applications in the two belts The tenement areas cover prospective targets for both Tropicana-style gold and Nova-style nickel deposits, with historical geochemical anomalies and scout drilling identifying bedrock mineralisation of both minerals. Anomalous nickel & gold in calcrete and scout drilling	1.20	1,582	750



Project	Metal	Date	Transaction Details	Asset Details	Deal Value (\$M)	Area km <sup>2</sup>	Implied Value per km <sup>2</sup> (\$)
Mt Ridley	Nickel	Mar-13	<p>AXG - XTL Energy deal: An option fee of A\$35,000 in cash and A\$25,000 in Shares to XTL. The consideration payable on exercise of the Options is:</p> <ul style="list-style-type: none"> <li>- EL63/1547: 250 million AXG shares;</li> <li>- EL63/1564: 100 million AXG shares; and</li> <li>- EL63/1617: 100 million AXG shares.</li> </ul> <p>The Shares are to be issued at a deemed issue price of A\$0.002 per AXG share.</p>	<p>The Nova Ni-Cu-Co massive sulphide discovery by SIR is ~100 km to the NNE</p> <p>XTL's Mt Ridley, Mt Ridley E-W and Mt Ridley North: Limited historical base metal and gold exploration has been undertaken on the project areas.</p> <p>Substantial ground holding covering three tenements for 840km<sup>2</sup>.</p>	0.96	878	1,000
Southwest Yilgarn	Gold	Jan-13	<p>AMC Valuation report for the Merger of Dominion and Kingsgate</p> <p>Preferred Valuation amount used.</p>	<p>Kukerin 673 km<sup>2</sup> Au is outlined by shallow interface drilling within a shear zone. Mineralisation of potentially economic grade so far limited to short strike length.</p> <p>Nanicup Bridge 297 km<sup>2</sup> 4 km long Au anomaly within gneiss. Geochemical drill intercepts up to 3m at 11.3 g/t Au. Deeper drilling recorded broad intercepts of 0.5 g/t Au to 0.6 g/t Au with shorter sections up to 12 m grading 1.0 g/t Au to 2.3g/t Au. Follow up apparently so far unsuccessful.</p> <p>Bullock Pool 386 km<sup>2</sup> Anomalous gold geochemistry over 25 km<sup>2</sup> in mafic and ultramafic greenstones. Bedrock drilling intersected disseminated sulphides with up to 9m at 2.0 g/t Au.</p> <p>Holleton West 273 km<sup>2</sup> Nickel targets in ultramafic rocks and gold targets in BIFs in belt west of Flying Fox - Bounty line.</p> <p>Perenjori 902 km<sup>2</sup> North of Perth around Morawa, Mullewa near Youanmi. 1 km long gold anomaly and limited interface drilling intersected up to 7m at 2 g/t Au.</p>	2.50	2,531	1,000



Project	Metal	Date	Transaction Details	Asset Details	Deal Value (\$M)	Area km <sup>2</sup>	Implied Value per km <sup>2</sup> (\$)
Mt Andrew	Gold, Nickel	Nov-12	Ashburton & Private holder Ashburton has paid the owners an Entry Fee comprising \$20,000 in cash and the issue of 5,000,000 fully paid ordinary shares. Ashburton has to sole fund exploration to a minimum of \$100,000 at which point it can earn a 50% beneficial interest in the project by issuing to the owners 25,000,000 shares. Share price after announcement was \$0.004	The project tenements, E63/1322 and E63/1375, are situated some 120 km ESE of Norseman and encompass approximately 290 km <sup>2</sup> of the Proterozoic Biranup Complex within the Albany-Fraser Orogen. The ground is deemed prospective primarily for gold mineralisation. The project area also captures approximately 20 km <sup>2</sup> of the southern extremity of the Fraser Complex, which will be targeted for nickel-copper mineralisation. The recent Nova discovery by Sirius Resources is located 75 km to the north within the Fraser Complex.	0.28	290	1,000
Fraser Range Project	Nickel, Gold	Oct-12	Ram has entered into a binding agreement to acquire an 80% interest (and an option to acquire the remaining 20%) in three granted exploration licenses from Regency Mines. In consideration for the acquisition of an 80% interest in the Fraser Range Project, a total of 1,210 million new RMR shares are to be issued at a deemed price of \$0.015 (0.15 cents). First 160 million shares for 10% executed	The tenement package is located only 20 kilometres west of Nova nickel copper massive sulphides discovery by Sirius Resources NL Potential to host base metals and gold	0.30	271	1,100
Fairwater	Nickel	Oct-12	PIO agreement to acquire 75% interest in the Fairwater Project from privately held National Minerals Pty Ltd. \$40,000 cash 11.5M shares (share price \$0.036) & 45M options (the options were not used in the estimation of deal value).	Fairwater project covers 338km <sup>2</sup> of predominantly granted tenements approx. 50 km SW of ENT's Plato Prospect and 105 km SW of Nova; with soil geochemical gold (peak ) & Ni targets (peak 250ppm Ni & 68ppm Cu)	0.45	338	1,350
Dundas	Gold	Apr-10	Initial acquisition of 51% of the tenements for AUD\$0.1M plus three staged options to acquire the balance of the interest in the tenements. These latter options were not used to estimate the implied value	51% of three ELs covering 340 km <sup>2</sup> approx. 100 km SE of Norseman in the south-eastern Albany-Fraser Orogen in a setting similar to Tropicana	0.20	340	600



Project	Metal	Date	Transaction Details	Asset Details	Deal Value (\$M)	Area km <sup>2</sup>	Implied Value per km <sup>2</sup> (\$)
Corvette	Gold	Nov-09	Tianshan Goldfields and Corvette merger implemented by way of a Scheme of Arrangement. Independent Expert Report completed by Ravensgate Consultants. Ravensgate determined a range of likely values from \$10.6M to 27.9M with a Preferred Value of \$27.6M.	The Plumridge Project is located approximately 250 km east-northeast of Kalgoorlie, and comprises 12 exploration licences. Drilling has resulted in the discovery of several new zones at the Corvette Prospect and has delineated a mineralised system over considerable strike extent, with bedrock gold intercepts exceeding 1g/t gold over 8 km in strike, and anomalies from aircore drilling extending over 12 km.	\$10.60 to \$27.90	2,302	\$4,600 to \$12,000
Mystique	Gold	Sep-09	BFM may earn a 75% interest in the tenements by the expenditure of \$2.5M within 5 years, including a minimum expenditure of \$250,000	In September 2009 PacMag Metals Limited entered into an agreement with Black Fire Minerals Ltd ("BFM") over applications for exploration licences covering an area of 433km <sup>2</sup> ("Mystique Project") located about 240 km east-southeast of Kalgoorlie, 130 km north east of Dundas, 200 km south of Tropicana and about 70 km south east of the TIV's Beachcomber prospect (see CPR), which places Mystique well inside the Albany-Fraser Orogen. All previous exploration pre-dates the discovery of Tropicana. Reconnaissance soil sampling in the mid- to late 1990s identified gold-in-calcrete geochemical anomalies	1.92	433	2,250
Corvette	Gold	Aug-09	Proposed takeover of Corvette Resources Limited (Corvette) by Cape Lambert Iron Ore Ltd. Independent Expert Report completed by Ravensgate Consultants. Ravensgate determined a range of likely values from \$5.6M to 27.6M with a Preferred Value of \$18.4M.	The Plumridge Project is located approximately 250 km east-northeast of Kalgoorlie, and comprises 12 exploration licences. Drilling has resulted in the discovery of the Corvette Prospect and delineated a mineralised system over 8 km in strike, with bedrock gold intercepts exceeding 1g/t gold, and anomalies from aircore drilling extending over 12 km.	\$5.60 to \$27.60	2,302	\$2,400 to \$12,000



Project	Metal	Date	Transaction Details	Asset Details	Deal Value (\$M)	Area km <sup>2</sup>	Implied Value per km <sup>2</sup> (\$)
Bronco Plains	Gold	Aug-08	Independence Gold NL and AngloGold Ashanti Ltd obtained from Image Resources NL the right to earn a 72% interest in the Bronco Plains project by spending A\$2.0 M on exploration over 4 years.	The 230 km <sup>2</sup> Bronco Plains Project is located approximately 140 km east of Kalgoorlie in the "Tropicana-Beachcomber trend" of Western Australia. Previous geochemical sampling programmes identified several gold anomalies of up to 54 ppb Au compared to a background of 5 ppb Au.	2.78	230	6,000
E40/212	Gold	Aug-08	In August 2008, Lumacom Ltd acquired from an undisclosed vendor a 100% interest in E40/212 for A\$0.03 M cash and 12.0 M shares (deemed A\$0.01/share).	The approximate 50 km <sup>2</sup> tenement is located in the northeastern Goldfields Region of Western Australia. Lumacom Ltd reports that the project is prospective for zinc, copper and gold mineralisation.	0.19	50	3,700
Dundas	Gold	Jun-08	In June 2008, Australasia Gold Ltd obtained from a private vendor a 100% interest in the Dundas Project for A\$0.03M cash, 25 M shares (deemed A\$0.07/share), 5 M A\$0.20 options and 5 M A\$0.25 options (no timeframe identified).	The 660 km <sup>2</sup> Dundas Project is located approximately 100 km southeast of Norseman in Western Australia. The project is located within the southern boundary of the Albany-Fraser Orogen, and had only been subject to reconnaissance scale geochemical exploration programmes.	1.81	660	2,700
Narnoo extensions	Gold	Apr-08	In April 2008, A1 Minerals Ltd acquired Desertex Resources Ltd for 5.5 M shares (deemed A\$0.14/share).	The principal asset of Desertex Resources Ltd was its 470 km <sup>2</sup> tenement holding adjacent to A1 Minerals Ltd's Narnoo Project located some 250 km east of Kalgoorlie in Western Australia. A1 Minerals Ltd reported that the tenement area was prospective for gold, nickel, copper and uranium mineralisation.	0.77	470	1,600
Mt Zephyr	Gold	Jan-08	In January 2008, Newcrest Mining Ltd entered into an agreement to earn an 80% interest in Regal Resources Ltd's Mt Zephyr Project by spending A\$0.75 M on exploration over 5 years.	The Zephyr Project is located near Laverton in Western Australia. Historical exploration drilling within the project intersected anomalous gold mineralisation hosted within granite.	0.94	254	1,850
Dinninup E70/2955	Gold	Sep-07	Elecktra has the right to earn a 90% interest in the tenement by spending \$500,000. The principal target is gold and copper mineralisation of similar style to the Boddington deposit.	Dinninup area about 60 km south of Dulkan Multi-element anomalism from Government laterite sampling Good structural setting	0.56	250	1,100



Project	Metal	Date	Transaction Details	Asset Details	Deal Value (\$M)	Area km <sup>2</sup>	Implied Value per km <sup>2</sup> (\$)
Woodline	Gold	Dec-06	Sipa Resources Ltd into a JV to earn a 51% interest with Newmont. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$4.0M.	Woodline gold and base metals licences located in the Albany Frazer Province.	4.00	620	1,600
Woodline	Gold	Dec-06	Woodline Project (December 2006); Sipar Resources Ltd into a joint agreement to earn a 70% interest with Newmont Exploration Pty Ltd. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$5.4M.	Woodline gold and base metals licences located in the Albany Frazer Province.	5.40	1,165	1,100
Utopia	Gold	Sep-06	Sipa may earn a 70% interest in the Utopia Project from Comet by spending \$1.25M on exploration within five years, with a minimum commitment of \$100,000 to be spent in the first year.	70% of four ELs covering 450 km <sup>2</sup> approx. 150 km SE of Kalgoorlie in the southern Eastern Albany-Frazer Orogen adjacent to Sipar's existing Woodline Project.	1.78	450	2,000

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