

CORPORATE DIRECTORY

Executive Chair
Bronwyn Barnes

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

Company Secretary
Stephen Brockhurst

FAST FACTS

Issued Capital: 108m
Options Issued: 1.2m
Debt: Nil
Cash (Approx.): \$5.5m
(as at 30 June 2016)

CONTACT DETAILS

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Recommended Takeover Offer For Windward Resources by Independence Group

Highlights

- All cash takeover offer of 19 cents per Windward share from Independence Group
- Attractive 60% premium to the 5 day VWAP up to and including 16 September 2016
- Windward's Board unanimously recommends Windward shareholders accept the Offer, in the absence of a superior proposal
- Windward's major shareholder Mark Creasy, representing 27.44% of Windward's issued shares (held through entities controlled by Mr Creasy), has indicated that he intends in the absence of a proposal superior to the Offer to:
 - vote against the Eastern Goldfields transaction at any Windward shareholder meeting to consider that transaction; and
 - accept the Independence offer on the business day following the later of 21 days after the Offer opens and Independence having voting power in Windward of at least 22.67%

Windward Resources Limited (**Windward**) advises that it has entered into a Bid Implementation Agreement (**BIA**) with Independence Group NL (**Independence**) pursuant to which Independence (or a subsidiary of Independence) has agreed to make an off-market takeover offer to acquire all of the issued shares of Windward (the **Offer**).

Under the terms of the Offer, Windward shareholders who accept the Offer will, subject to the fulfilment of the conditions, be entitled to receive 19 cents cash per Windward share.

The Offer values the entire issued share capital of Windward at approximately A\$20.5 million and represents a:

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

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

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

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

Offer Conditions and Timetable

The Offer is subject to conditions as set out in the BIA including:

- 50.1% minimum acceptance condition;
- the proposed issue of securities to Eastern Goldfields Limited (announced by Windward on 8 September 2016) (the **Eastern Goldfields Transaction**) is not approved by the Windward shareholders;
- no prescribed occurrence (as defined in the BIA) occurring in relation to Windward; and
- other customary conditions as set out in the BIA, including no regulatory intervention which restrains or prohibits the Offer.

Windward has agreed to customary deal protection provisions, including the payment of a break fee of \$205,000 in agreed circumstances and non-solicitation and notification rights. The BIA also provides Independence with a right to match any superior offer that may emerge. If Independence chooses not to match, then Windward's Board may, in accordance with its fiduciary duties, recommend that alternative offer to shareholders, subject to first paying the agreed break fee to Independence. Full details of the relevant provisions are contained in the BIA.

Detailed information in relation to the Offer will be set out in a Bidder's Statement and Target's Statement, each of which will be lodged with the Australian Securities & Investments Commission and sent to Windward Shareholders as soon as practicable.

Eastern Goldfields Transaction

On 8 September 2016, Windward announced the Eastern Goldfields Transaction.

The transaction involves Eastern Goldfields Limited (ASX:EGS) taking a \$2.2 million share placement in Windward, comprising 18 million fully-paid ordinary shares at 12 cents per share (**Subscription Price**). Contemporaneous with the issue of shares under the placement, Windward had also agreed to issue to Eastern Goldfields two tranches of unlisted options, comprising 9 million options exercisable at 15 cents (being 125% of the Subscription Price) within 18 months of their issue, and 9 million options exercisable at 20 cents (being 166% of the Subscription Price) within 30 months of their issue which, if exercised would deliver additional funding to Windward of \$3.1 million. The issue of securities to Eastern Goldfields is subject to Windward shareholder approval.

Subject to shareholder approval and completion of the placement, Eastern Goldfields has agreed to underwrite a non-renounceable pro rata entitlement offer to raise a further \$3.8 million, to be undertaken on a 1-for-4 basis at an issue price per share equivalent to the Subscription Price, plus free attaching options on terms equivalent to the options to be issued to Eastern Goldfields.

The Board of Windward consider the Offer from Independence to be superior to the Eastern Goldfields Transaction and at the Extraordinary General Meeting currently planned for 7 November 2016 will recommend shareholders vote against the Eastern Goldfields Transaction.

The Notice of Meeting for the Extraordinary General Meeting will be sent to shareholders shortly.

Advisers

PCF Capital Group is acting as financial adviser and Steinepreis Paganin is acting as legal adviser to Windward in relation to the Offer.

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