WINDARRA MINERALS LTD.

Annual Report to Shareholders
2007

Message to Shareholders

2007 was another positive year for Windarra. A ten hole drill program conducted on the Middle Finger Lake Zone of our Pukaskwa Property demonstrated excellent continuity and significant grades with the best intersection measuring 3.44 grams per tonne gold over 3.9 metres. Channel samples collected at the nearby Bonanza-Grade Vein yielded an average of 29.556 grams per tonne gold.

Plans are currently being considered to further drill test both of these zones as well as other priority targets on the property.

In early January of 2008 we successfully acquired two mining leases as well as a royalty on ore mined and milled from a third lease near Wesdome Gold Mines' Mishi Pit which is located approximately 15 km from the Pukaskwa Property. The Company's objective is to expand its position into a larger package in the Magnacon-Mishi area.

Of equal importance to the Company's future was the negotiation of a final settlement agreement between Canada Revenue Agency and Windarra's 71% owned subsidiary, Westward Explorations Ltd. This agreement settled a longstanding dispute and will enable the companies to move forward with their primary objective of mineral exploration.

The strengthening precious metals market bodes well for Windarra and I look forward to a successful 2008.

On behalf of the Board of Directors,

"John Pallot"

President

MANAGEMENT'S DISCUSSION AND ANALYSIS

January 21, 2008

This Management Discussion and Analysis is provided for the purpose of reviewing the fiscal year ended September 30, 2007 as well as the fourth quarter, and comparing results to the previous period. The MD & A should be read in conjunction with the Company's audited consolidated financial statements and corresponding notes for the years ending September 30, 2007 and 2006. The financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and all monetary amounts are expressed in Canadian dollars.

COMPANY OVERVIEW AND OVERALL PERFORMANCE

Windarra Minerals Ltd. ("the Company", "Windarra") has been in the business of exploring minerals for over 25 years, primarily gold properties both directly and indirectly through its subsidiary, Westward Explorations Ltd. ("Westward") and up until 2002, Messina Minerals Inc. (formerly Mishibishu Gold Corporation).

In the first part of June, Windarra completed an 823 metre drill program on the Pukaskwa property, with 14 short holes testing the down-dip potential of the Middle Finger Lake zone to shallow depths. Results for the first five drill holes confirmed the down-dip potential of the zone in the immediate area of the Middle Finger Lake zone trench as well as infill soil sampling on the West Aardvark grid. The channel and soil sampling, in combination with the diamond drilling, continue to affirm the excellent potential of the Pukaskwa property.

In June, the Company completed a private placement to raise $637,000 through the sale of 288,000 flow-through shares at a price of $0.25 per share and 2,825,000 non flow-through units at a price of $0.20 per unit. While the Company intends to raise additional funds, market conditions such as the price of gold and stock market trends will have an impact on the ability of the Company to obtain future financing.

The Company's loss before other items and income taxes for the year ended September 30, 2007 was $246,058 (2006 - $352,908). This decrease is largely due to there being no charge for stock-based compensation in the current year as opposed to $79,370 in the year ended September 30, 2006.

During the year ended September 30, 2006, the Company recorded an income tax reassessment in the amount of $920,754 as a result of reassessment of Westward's 1995 tax return. During the period ended September 30, 2007, Westward filed and had approved a Proposal under the Bankruptcy Act. Under the terms of the Proposal, Westward will pay a total of $812,500 in settlement of accounts payable of $122,872 and amounts totaling $999,434 owed to Canada Revenue Agency. Initial payments of $162,500 have been made and the remaining $650,000 is to be paid in annual instalments of $130,000 due no later than March 31st of each year from 2008 to 2012.

RESULTS OF OPERATIONS

The Company incurred $287,129 on Pukaskwa claims during the year ended September 30, 2007 (2006 – $456,186).

Pukaskwa Claims, Ontario

In June 2007, the Company undertook a 14 hole drill program on its wholly-owned Pukaskwa property.

The Pukaskwa property is located 50 kilometres west of Wawa, Ontario, less than 20 km northwest of Wesdome Gold Mines Ltd.'s (formerly River Gold Ltd.) Eagle River Mine, which has produced over 700,000 ounces of gold since 1995. The property also lies less than 20 km west-southwest of three contiguous and high prospective properties in which Windarra holds an interest. These are, from west to east, Windarra's Mishi leases (100% owned, see below), the past-producing Magnacon mine (40,000 ounces from 265,000 tons; Windarra and Westward are equal partners in what was an original 25% interest), and the Magnacon joint venture property (25% Windarra, 75% Wesdome). The Pukaskwa property consists of 55 contiguous unpatented mining claims which follow the east-northeast to west-southwest trending Mishibishu deformation zone for more than 12 kilometres. The deformation zone hosts many vein gold occurrences and showings, including the Mishi and Magnacon deposits, and it transects much of the length of the Mishibishu greenstone belt, an east-west trending belt of greenschist to amphibolite grade Archean volcanic and associated sedimentary rocks that are considered to be the western equivalent of the prolific Abitibi greenstone belt, west of the Kapuskasing structural zone.

Gold was identified within quartz veins that are hosted by Archean age rocks at the Pukaskwa property during exploration in the wake of the discovery of the Hemlo gold deposits in the early 1980's. The Hemlo deposits have produced approximately 20 million ounces Au since their discovery and are located only 80 kilometers to the north of the Pukaskwa property. Following significant exploration efforts in the 1980's and 1990's, when a host of gold occurrences, including the Champagne Vein and West Aardvark occurrence were discovered, little work was undertaken on the Pukaskwa property until the fall of 2004, when a new gold occurrence 0.5 kilometres southwest of the West Aardvark occurrence and 5 kilometres east of the Champagne vein was discovered. The new discovery, now known as the Bonanza-Grade zone, yielded values far in excess of previous discoveries on the property, and the new discovery renewed interest in the property. Following the discovery, the Company undertook further prospecting programs in the vicinity of the Bonanza-Grade zone, then established a 2 km x 1 km cut grid in the area. In 2005 soil geochemical samples were collected on the grid and compiled with soil geochem data from previous programs, and in 2006 magnetometer and induced polarization (IP) geophysical surveys were run on the grid, in conjunction with an extensive trenching program. In the course of this work an exciting new occurrence known as the Middle Finger Lake zone was discovered. Because of its size potential, with good gold grades over significant widths, and extensive coincident soil geochemical and IP chargeability anomalies, the Middle Finger Lake zone became the target for the 2007 diamond drilling program.

The drill program took place in June, with daily access to the frill from a base of operations in the town of Marathon. Fourteen holes and a total of 824 metres were drilled. Together, the results of the drilling, along with the channel sample intersections from the zone where exposed on surface, indicate that the Middle Finger Lake zone can yield significant intersections across a variety of mineable widths, that it has continuity from drillhole-to-drillhole, and that it has the potential to host a significant tonnage of near-surface gold mineralization on the Pukaskwa property. The Middle Finger Lake zone, and other parts of the Pukaskwa property, clearly merit further drill-testing. In particular, the westward strike extent of the Middle Finger Lake zone is an attractive and untested drill target, as is the Bonanza-Grade zone, and there are a number of other areas on the grid which require further trenching and detailed mapping. These include the geochemical anomalies eastward and northeastward from the Bonanza-Grade zone, and the chargeability *en echelon* with, and to the southwest of, the Middle Finger Lake zone.

Mishi Properties

Subsequent to the fiscal year end, Windarra entered into an agreement to acquire a 100% interest in two mining leases, as well as a royalty in respect to ore mined and milled from a third crown mining lease from Messina Minerals Inc. (“Messina” as to 60%) and MacMillan Gold Corp. (“MacMillan” as to 40%). The mining leases are located in the Sault Ste. Marie Mining Division of Ontario near Wesdome Gold Mines’ Mishi Pit. The royalty interest acquired from Messina and MacMillan provides for payment of $1.00/tonne for ore from open pit mining and $2.00/tonne for underground mining in excess of 700,000 tonnes mined and is payable to the Company by Wesdome.

In consideration for this acquisition the Company will issue an aggregate of 400,000 common shares of its capital stock to Messina and MacMillan, subject to regulatory approval.

The Company’s objective is to consolidate these properties, along with its existing gold exploration holdings, into one larger package in the Magnacon-Mishi area.

Magnacon Properties

The Magnacon Properties consist of 19 freehold patented claims and 7 leasehold patented claims at the Magnacon Property plus one leasehold claim (replacing 40 former mining claims) at the contiguous Magnacon East Property. In 2003, the claims were converted to 20-year leases. Windarra owns a 25% interest and Wesdome Gold Mines Ltd. (formerly River Gold Mines Ltd.) (“Wesdome”) owns a 75% interest and is the operator of the exploration program.

The Magnacon Property is the site of the former producing Magnacon Mine, which produced 34,000 ounces of gold between early 1989 and July 1990. Windarra has expended approximately $17 million dollars since 1985 on the Properties. A total in excess of an estimated $70 million dollars has been spent by all parties between 1985 to 2000 on the exploration and development of the Properties.

In February 2004, Wesdome proposed a $6.8 million underground exploration and development program of which Windarra's share of costs would approximate $1.7 million. This involved 1,825 metres of development, 15,000 metres of drilling, and approximately 30,000 tonnes of test mining. During 2004, Windarra engaged the services of Peter Tallman, P. Geo, an independent geological consultant, to visit the property and review the budget and program, and to prepare a report to the Board. After a review of the proposed program and budget, Windarra notified the operator of its objection to the scope of the exploration program and, accordingly, has not made any further payments to Wesdome.

During the year ended September 30, 2005, the Company received notice from the operator that the Company's interest in these claims has been diluted to 22.2% as a result of non-payment of the Company's share of exploration expenditures on the claims since January 1, 2004 in an amount of approximately $340,000. As the work program undertaken by the operator was not approved by the Company, no provision has been made in the accounts of the Company for any liability associated with unpaid exploration expenditures. At September 30, 2007, the Company has written down its interest in these claims to a nominal value.

CRA Tax Case

In 1995, Windarra sold an 11.12% interest in the Magnacon Mine property to Westward. CRA questioned the valuation of the property as reported by Windarra consultants, Watts Griffis and McQuat. In May 2000, Westward's 1995 Corporate Income Tax Return was reassessed and Westward filed Notice of Appeal with the Tax Court of Canada. The appeal was partially allowed, and a judgment received from the Court in February 2006. As a result of this judgment, Westward had a liability representing taxes, accrued interest and a portion of the CRA legal costs in the amount of $999,434.

Westward filed a Proposal pursuant to provisions of the Bankruptcy and Insolvency Act which was accepted by Westward's creditors in March 2007.

Under the terms of the Proposal, Westward will pay a total of $812,500 in settlement of debts to General Creditors of $1,122,306 which includes $999,434 owed to CRA. At September 30, 2007, $162,500 has been paid under the terms of the proposal. The remaining $650,000 is to be paid in annual instalments of $130,000 due no later than March 31st of each year from 2008 to 2012.

Exploration Financing

The following table sets forth the Company's use of proceeds for its recent private placements:

Financings	Proposed Use of Proceeds	Actual Use of Proceeds to September 30, 2007
$100,000 – June 2006	-$100,000 for property Exploration on the Pukaskwa Property	$100,000 on Pukaskwa property
$135,000 – July 2006	-$130,000 for property exploration on the Pukaskwa Property -$5,000 for working capital	$130,000 on Pukaskwa property
$637,000 – June 2007	$487,000 for property exploration on the Pukaskwa Property $150,000 for working capital	$267,219 on Pukaskwa property

SELECTED ANNUAL INFORMATION

This discussion should be read in conjunction with the Company's annual audited financial statements dated September 30, 2007.

	Year ended September 30, 2007	Year ended September 30, 2006	Year ended September 30, 2005
Loss for the year	$ (687,167)	$ (1,060,419)	$ (137,233)
Basic and Diluted Loss Per Share	$ (0.03)	$ (0.04)	$ (0.01)
Total Assets	$1,173,457	$1,091,531	$ 691,513
Mineral Properties and Deferred Exploration Expenditures	$860,750	$ 979,316	$ 523,131

September 30, 2007 compared to September 30, 2006

During the year ended September 30, 2007, the Company's total assets increased by $81,926 as compared to September 30, 2006 due largely to an increase in cash on hand of $185,673 for funds not yet expended on deferred exploration costs, and amounts expended on deferred exploration costs in the amount of $287,219, with these increases being offset by the write-down of the Magnacon property in the amount of $405,785. The Company has a working capital deficiency of $29,679 (2005 - $1,096,978) This amount is significantly lower than the previous year as a result of reclassification of the amount payable to the Canada Revenue Agency to long-term liabilities.

The Company's expenses for the year ended September 30, 2007 were $246,058 (2006 - $352,908). This decrease is, for the most part, attributed to a reduction in stock-based compensation of $79,370. The Company's loss before income taxes was $769,167, up from $232,665 in fiscal 2006. The majority of this difference is attributed to the write-down of the Magnacon mineral property and deferred exploration costs in the amount of $405,785.

September 30, 2006 compared to September 30, 2005

During the year ended September 30, 2006, the Company's total assets increased by $400,018 as compared to September 30, 2005 due largely to deferred exploration expenditures in the amount of $456,185. The Company has a working capital deficiency of $1,096,978 (2005 - $151,770). This amount is significantly higher than the previous year as a result of the amount payable to the Canada Revenue Agency.

The Company's expenses for the year ended September 30, 2006 were $352,908 (2005 - $462,682). This decrease is, for the most part, attributed to a reduction in professional and technical consulting fees of $168,981 relating to the resolution of Company's tax case with CRA with an offsetting increase in public relations fees in the amount of $33,430. Gains on sale of long-term investments in the amount of $118,938 (2005 - $291,504) reduced the Company's loss before income taxes for the year to $232,665 (2005 – $137,233). The gain on sale of long-term investments included a gain of $22,591 on sale of shares of Stingray Minerals Inc. a company with a common director.

SUMMARY OF QUARTERLY RESULTS

QUARTER ENDING	Sept. 30 2007	June 30 2007	Mar. 31 2007	Dec. 31 2006	Sept. 30 2006	June 30 2006	Mar. 31 2006	Dec. 31 2005
Loss before income taxes for the period	$(538,972)	$(104,255)	$ (79,381)	$ (46,559)	$ (33,060)	$(72,464)	$(59,078)	$(68,063)
Earnings (Loss) Per Share	$ (0.02)	$ (0.00)	$ 0.00	$ 0.00	$ 0.00	$(0.04)	$ 0.00	$ 0.00

The loss before income taxes for the fourth quarter 2007 is $538,972 compared to a loss of $33,060 for the fourth quarter 2006. The majority of this difference is attributable to the write-down of the Magnacon property in the amount of $405,785.

LIQUIDITY AND CAPITAL RESOURCES

Working capital has increased to $29,679 at September 30, 2007 from a working capital deficiency of $1,096,978 in 2006. With the exception of the CRA amount payable of $920,754 which was included in current liabilities at September 30, 2006, the Company's working capital situation has been fairly stable and has been determined by its ability to offset expenses against gains obtained through the continued divestment of investments. During the year, the Company was successful in raising capital through private placement financings and the sale of investments. In June 2007, the Company completed a non-brokered private placement of 288,000 flow-through shares at a price of $0.25 per share and 2,825,000 non flow-through units at a price of $0.20 per unit for gross proceeds of $637,000. Each non flow-through unit is comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at a price of $0.25 for a period of two years.

In fiscal 2006, the Company completed three private placement financings pursuant to which it raised total proceeds of $570,000.

Other than option payments and its participation in the Magnacon Joint Venture, Windarra has no ongoing property commitments. There is a bill in dispute with respect to the Magnacon Joint Venture in the approximate amount of $340,000. This matter is described more fully under “Magnacon Joint Venture Properties” in this report.

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the year ended September 30, 2007:

a) paid or accrued corporate and administration fees of $36,808 to Susan Tessman, Corporate Secretary of the Company;
b) paid or accrued management fees of $43,750 to John Pallot, President of the Company;
c) paid or accrued geological consulting fees included in mineral property and exploration costs of $32,237 to Charlie Greig, a director of the Company;
d) received and repaid a non-interest bearing loan during the year of $25,000 from a director and officer of the Company;
e) sold 105,000 common shares of Messina for total proceeds of $140,434, resulting in a gain of $118,384. As at September 30, 2007, the Company held 105,042 common shares of Messina with a market value of $79,832.

Included in accounts payable at September 30, 2007 is $2,036 owing to officers and directors of Company.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

CHANGE IN ACCOUNTING POLICY

Effective October 1, 2006, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) providing requirements for the recognition and measurement of financial instruments and on the use of hedge accounting (See Note 2 of the September 30, 2007 audited financial statements.) Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost. As a result of the application of Section 3855, the Company’s deficit position as at October 1, 2006 was reduced by $234,998 to reflect the opening fair value of marketable securities.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") are responsible for the establishment and maintenance of a system of disclosure controls and procedures. This system is designed to provide reasonable assurance that information required to be disclosed by the Company under various securities legislation or the rules of regulatory agencies is appropriately reported within the time periods specified.

The Certifying Officers evaluate the system periodically throughout the year. They have concluded that the Company's disclosure controls are effective in providing reasonable assurance that material information relating to the Company is accumulated, reviewed by management and reported within the time periods specified.

The Certifying Officers are also responsible for the establishment of a system of internal controls over financial reporting. This system is designed to provide reasonable assurance regarding the reliability and timeliness of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principals.

Ultimate responsibility for financial reporting rests with the Board of Directors. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and is composed of a majority of independent outside directors. It meets periodically with management and the external auditors to review accounting, auditing and internal control matters and regularly reports its findings and recommendations to the Board of Directors.

OUTSTANDING SHARE DATA

As at September 30, 2007 the Company had 30,299,909 shares outstanding. During the fourth quarter 940,000 options were exercised at $0.10.

At the end of the fiscal year the Company had the following stock options outstanding:

Date of Grant	Amount	Exercise Price	Expiry Date	Type
May 2, 2005	200,000	$0.20	May 2, 2008	Director
June 8, 2005	200,000	$0.23	June 8, 2008	Director
Oct. 11, 2005	100,000	$0.32	Oct. 11, 2007	Director (Advisory)
TOTAL	**500,000**			

Subsequent to the fiscal year end the Company granted 975,000 options exercisable at $0.15 for a period of three years. Also, 100,000 options exercisable at $0.32 expired. Westward granted 875,000 stock options exercisable at $0.10 per share for a period of 3 years.

During the fourth quarter, 540,000 warrants exercisable at $0.35 expired. At the end of the fiscal year the Company had the following warrants outstanding:

Number of Warrants	Number of Shares	Exercise Price	Expiry Date
2,825,000	2,825,000	$0.25	June 5, 2009
TOTAL	**2,825,000**		

ADDITIONAL INFORMATION

Additional information on Windarra Minerals Ltd. can be found by visiting the Company's website at www.windarra.com and by viewing regulatory filings on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE:

FOURTH QUARTER STATEMENT OF OPERATIONS

	Three Months Ended September 30 2007	2006
EXPENSES		
Amortization	$ 273	$ 365
Corporate and administration fees	10,450	8,881
Management and financial fees	20,061	20,843
Office and miscellaneous	4,093	8,998
Professional fees	37,780	41,449
Public relations	3,169	3,668
Regulatory fees and transfer agent fees	2,621	2,341
Rent	6,999	5,730
		-
Loss before other items and income taxes	(85,446)	(92,275)
OTHER ITEMS		
Interest income	1,516	304
Unrealized gain (loss) on marketable securities	(49,257)	-
Reversal of unrealized gain on marketable securities	-	-
Gain on sale of marketable securities	-	58,911
Write-down of mineral properties (Note 4)	(405,785)	-
Canada Revenue Agency judgment costs	-	-
	(453,526)	59,215
LOSS BEFORE INCOME TAXES	$ (538,972)	$ (33,060)

During the quarter, the Company did not work on the Magnacon Claims as there is a dispute with the operator. It is hoped this dispute can be resolved (see note 4 to the financial statements)

SCHEDULE OF SHARE CAPITAL
As at the date of this Management Discussion & Analysis

Common Shares outstanding	30,299,909
Options outstanding	1,375,000
Warrants outstanding	2,825,000
Fully diluted share capital	34,499,909

AUDITORS' REPORT

To the Shareholders of
Windarra Minerals Ltd.

We have audited the consolidated balance sheets of Windarra Minerals Ltd. as at September 30, 2007 and 2006 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Accountants

December 5, 2007

A Member of ***SC*** *INTERNATIONAL*

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WINDARRA MINERALS LTD.
CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30

	2007	2006
ASSETS		
Current		
Cash	$ 196,086	$ 10,413
Receivables	22,600	45,156
Prepaid expenses	2,400	2,386
	221,086	57,955
Equipment (Note 3)	2,775	3,405
Mineral properties & deferred exploration costs (Note 4)	860,750	979,316
Investment in partnership (Note 5)	100	100
Marketable securities (Note 6)	88,746	50,755
	$ 1,173,457	$ 1,091,531
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	$ 61,407	$ 234,179
Payable to Canada Revenue Agency (Note 7)	-	920,754
Current portion of income taxes payable and other	130,000	-
	191,407	1,154,933
Income taxes payable and other (Note 8)	829,806	-
	1,021,213	1,154,933
Shareholders' equity (deficiency)		
Capital stock (Note 9)	23,048,986	22,351,051
Contributed surplus (Note 9)	172,623	202,743
Deficit	(23,069,365)	(22,617,196)
	152,244	(63,402)
	$ 1,173,457	$ 1,091,531

Nature and continuance of operations (Note 1) -
Contingency (Note 15)
Subsequent events (Note 16)

On behalf of the Board:

"John Pallot" Director *"Gary McDonald"* Director

The accompanying notes are an integral part of these consolidated financial statements.

WINDARRA MINERALS LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEARS ENDED SEPTEMBER 30

	2007	2006
EXPENSES		
Amortization	$ 1,091	$ 1,460
Corporate and administration fees	37,807	36,006
Management and financial consulting fees	59,101	59,648
Office and miscellaneous	20,533	24,007
Professional fees	54,994	55,544
Public relations	12,697	42,201
Regulatory fees and transfer agent fees	30,291	29,598
Rent	27,576	22,920
Stock-based compensation	-	79,370
Travel and related costs	1,968	2,154
Loss before other items and income taxes	(246,058)	(352,908)
OTHER ITEMS		
Interest income	2,450	1,305
Unrealized loss on marketable securities	(47,707)	-
Reversal of unrealized gain on marketable securities	(123,650)	-
Gain on sale of marketable securities (Note 6)	130,264	118,938
Write-down of mineral properties (Note 4)	(405,785)	-
Canada Revenue Agency judgment costs (Note 7)	(78,681)	-
	(523,109)	120,243
Loss before income taxes	(769,167)	(232,665)
INCOME TAXES		
Future income tax recovery (Note 11)	82,000	93,000
Income tax reassessment (Note 7)	-	(920,754)
	82,000	(827,754)
Loss for the year	(687,167)	(1,060,419)
Deficit, beginning of year	(22,617,196)	(21,556,777)
Fair value adjustment on marketable securities (Note 2)	234,998	-
	(22,382,198)	(21,556,777)
Deficit, end of year	$ (23,069,365)	$ (22,617,196)
Basic and diluted loss per common share	$ (0.03)	$ (0.04)
Weighted average number of common shares outstanding during the year	27,331,588	25,059,991

The accompanying notes are an integral part of these consolidated financial statements.

WINDARRA MINERALS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (687,167)	$ (1,060,419)
Items not affecting cash:		
Amortization	1,091	1,460
Stock-based compensation	-	79,370
Unrealized loss on marketable securities	47,707	-
Reversal of unrealized gain on marketable securities	123,650	-
Gain on sale of marketable securities	(130,264)	(118,938)
Write-down of mineral properties	405,785	-
Canada Revenue Agency judgment costs	78,681	-
Future income tax recovery	(82,000)	(93,000)
Income tax reassessment	-	920,754
Changes in non-cash working capital items:		
(Increase) decrease in receivables	22,556	(42,973)
Decrease in prepaid expenses	(14)	(652)
Increase (decrease) in accounts payable and accrued liabilities	(28,402)	6,796
Net cash used in operating activities	(248,377)	(307,602)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(460)	-
Mineral properties and deferred exploration costs	(286,219)	(440,363)
Proceeds from sale of marketable securities	155,914	147,309
Net cash used in investing activities	(130,765)	(293,054)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital stock issued for cash	731,000	550,575
Share issue costs	(3,685)	(19,880)
Proceeds from short-term loans	175,000	-
Repayment of short-term loans	(175,000)	-
Repayment of income taxes payable and other	(162,500)	-
Net cash used in financing activities	564,815	530,695
Change in cash during the year	185,673	(69,961)
Cash, beginning of year	10,413	80,374
Cash, end of year	$ 196,086	$ 10,413
Cash paid during the year for:		
Interest expense	$ -	$ -
Income taxes	144,709	-

Supplemental disclosure with respect to cash flows (Note 13)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the laws of British Columbia and its principal business activities include the acquisition and exploration of mineral properties.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production. The Company is considered to be in the exploration stage as it has not yet earned significant revenues.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future and to fulfill the provisions of subsidiary company's bankruptcy proposal approved by the courts. (See Note 8.)

These financial statements do not reflect adjustments that would be necessary if the going concern assumptions were not appropriate.

		September 2007		September 2006
Working capital (deficiency)	$	(29,679)	$	(1,096,978)
Deficit	$	(23,069,365)	$	(22,617,196)

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its approximate 71% interest in Westward Explorations Ltd. ("Westward"). All inter-company transactions and balances have been eliminated upon consolidation.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Key areas where management has made complex or subjective judgements include: fair value of mineral properties, stock-based compensation and future income taxes.

Equipment

Equipment, consisting of office equipment, is recorded at cost less accumulated amortization. Amortization is being provided for using the declining balance method at the rate of 30% per annum.

Mineral properties and deferred exploration costs

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven and probable reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral exploration interests is based on cash paid, the assigned value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependant on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

Asset retirement obligations

The Company's asset retirement obligation policy requires recognition of a legal liability for obligations relating to retirement of property, plant and equipment, and arising from the acquisition, construction, development or normal operation of those assets. Such asset retirement cost must be recognized at fair value in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life.

Investment in partnership

The Company's investment in a partnership is accounted for by the cost basis of accounting.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Capital stock is reduced and future income tax liability increased by the estimated tax benefits transferred to shareholders. Upon renunciation of flow-through expenditures, a portion of the future income tax assets that were not recognized in previous years due to the recording of a valuation allowance are recognized as a recovery of income taxes on the statement of operations.

Stock-based compensation

The Company uses the fair value method of accounting for all stock-based compensation and estimates the fair value using the Black-Scholes option pricing model. Any consideration paid by the option holders to purchase shares is credited to capital stock.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented this calculation proved to be anti-dilutive.

Loss per share is calculated using the weighted-average number of common shares outstanding during the year.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Financial instruments

Effective October 1, 2006, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measures in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

As a result of the adoption of these new standards, the Company has classified its marketable securities as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

As a result of the application of Section 3855, the Company's deficit position as at October 1, 2006 was reduced by $234,998 to reflect the opening fair value of marketable securities.

3. EQUIPMENT

	September 30 2007			September 30 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment	$ 13,615	$ 10,840	$ 2,775	$ 13,155	$ 9,750	$ 3,405

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	September 30, 2007		
	Pukaskwa Claims, Ontario	Magnacon Claims, Ontario	Total
Balance, beginning of year	$ 573,530	$ 405,786	$ 979,316
Additions during the year			
Acquisition	22,500	-	22,500
Assay costs	16,227	-	16,227
Camp costs	17,169	-	17,169
Drilling	64,165	-	64,165
Equipment	2,217	-	2,217
Geology	76,190	-	76,190
Equipment rental	4,462	-	4,462
Travel and helicopter	84,289	-	84,289
	287,219	-	287,219
Write-down of mineral property	-	(405,785)	(405,785)
Balance, end of year	$ 860,749	$ 1	$ 860,750

	September 30, 2006		
	Pukaskwa Claims, Ontario	Magnacon Claims, Ontario	Total
Balance, beginning of year	$ 117,345	$ 405,786	$ 523,131
Additions during the year			
Acquisition	24,500	-	24,500
Assay costs	29,651	-	29,651
Camp costs	36,342	-	36,342
Equipment rental	40,605	-	40,605
Geology	219,816	-	219,816
Travel and helicopter	105,271	-	105,271
	456,185	-	456,185
Balance, end of year	$ 573,530	$ 405,786	$ 979,316

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Magnacon Claims, Ontario

The Company holds a 25% interest in certain freehold patented and leasehold patented claims situated in the Sault Ste. Marie Mining Division, Ontario. The operator on the claims has advised the Company that the Company's interest in these mineral claims has been diluted to 22.2% as a result of non-payment of the Company's share of exploration expenditures since January 1, 2004, in an amount of approximately $340,000, an amount for which no provision has been made in the accounts of the Company as at September 30, 2007. The Company has advised the operator that it disputes this claim on the basis that the exploration costs pertain to a work program that the Company has not approved (Note 15). At September 30, 2007, the Company has written its interest in these claims to a nominal value.

Magnacon East Block Claims, Ontario

The Company holds a 25% interest in certain claims in the Sault Ste. Marie Mining Division, Ontario. The Company previously wrote-down related mineral property and deferred exploration costs to a nominal value. The Company has not been required to contribute to field geology and surface drilling costs incurred during the year ended September 30, 2007, but may be required to contribute its proportionate share of the expenses in future work programs. At September 30, 2007, the Company has written down its interest in these claims to a nominal value.

Pukaskwa Claims, Ontario

During the year ended September 30, 2004, the Company entered into an option agreement with Messina Minerals Inc. ("Messina"), a company related by way of common directors, to acquire a 100% interest in certain mineral claims in the Sault Ste. Marie Mining Division, Ontario. The Company has issued a total of 350,000 (2006 – 225,000) common shares at a value of $67,875 (2006 - $45,375) and has satisfied all of the requirements of the Pukaskwa Property Agreement and has thereby exercised the option and earned 100% interest in the property from Messina.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd)

Tulks South, Newfoundland

During the year ended September 30, 2002, the Company, pursuant to an assignment agreement, was granted a 2% net smelter returns royalty on Messina's share of production from the Tulks South massive sulphide property in Newfoundland. Messina has the right to buy back the Company's royalty at any time prior to commercial production for $2,000,000.

5. INVESTMENT IN PARTNERSHIP

During the year ended September 30, 2003, the Company, with two other companies, formed a general partnership which acquired an interest in the 1999 Investment Co. Limited Partnership, an Alberta limited partnership.

No cash distributions were received by the Company in the year ended September 30, 2007 nor in the year ended September 30, 2006.

6. MARKETABLE SECURITIES

Marketable securities consist of shares in publicly traded companies shown on the balance sheet at September 30, 2007 at market price as published in the TSX daily market summary (September 30, 2006 – shown at cost). See Change of Accounting Policy – Note 2.

	September 30 2007	September 30 2006
Fair value	$ 88,746	$ 285,752
Cost	$ 25,105	$ 50,755

Included in marketable securities at September 30, 2007 are 105,042 (2006 – 210,042) shares of Messina with a market value of $79,832 ($252,050).

7. PAYABLE TO CANADA REVENUE AGENCY

Westward's 1995 corporate income tax return was reassessed in May 2000 and the Company filed notice of appeal with the Tax Court of Canada at that time. The appeal was partially allowed, and a judgment received from the Court in February 2006. As a result of this judgment, Westward has a liability representing taxes, accrued interest and a portion of the CRA legal costs of $999,434 (September 30, 2006 - $920,764). Interest has been calculated at the CRA prescribed interest rate. This amount was included in the bankruptcy proposal filed by Westward and is included in income taxes payable and other at September 30, 2007. (See Note 8.)

8. INCOME TAXES PAYABLE AND OTHER

Westward filed a Notice of Intention to Make a Proposal pursuant to provisions of the Bankruptcy and Insolvency Act in October 2006. In March 2007, the Westward obtained approval from the courts of an amended proposal whereby claims of CRA and certain other creditors carried in the accounts at $1,122,306 will be discharged by payments totalling $812,500 paid out as follows:

a) $12.500 upon filing of the proposal (paid);
b) $150,000 no later than thirty days from implementation date (paid);
c) 130,000 no later than March 31, 2008;
d) 130,000 no later than March 31, 2009;
e) 130,000 no later than March 31, 2010;
f) 130,000 no later than March 31, 2011;
g) 130,000 no later than March 31, 2012.

At September 30, 2007, the remaining amount owing is shown on the balance sheet as follows:

Income taxes payable and other	$	829,806
Current portion		130,000
	$	959,806

When the payments required under the Proposal are complete, the remaining balance will be written off to operations. In the event that all payments are not made, interest will be charged from the approval date forward.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
		$	$
Authorized			
Unlimited common shares without par value			
Issued			
Balance at September 30, 2005	24,081,909	21,869,431	123,373
Issued for property acquisitions	100,000	24,500	-
Issued for cash	1,940,000	570,000	-
Share issue costs	-	(19,880)	-
Stock-based compensation	-	-	79,370
Tax benefits renounced to flow-through subscribers	-	(93,000)	-
Balance at September 30, 2006	26,121,909	22,351,051	202,743
Issued for property acquisition	125,000	22,500	-
Issued for cash	4,053,000	731,000	-
Share issue costs	-	(3,685)	-
Transfer fair value of options exercised	-	30,120	(30,120)
Tax benefits renounced to flow-through subscribers	-	(82,000)	-
Balance at September 30, 2007	30,299,909	23,048,986	172,623

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd)

During the year ended September 30, 2007, the Company completed a private placement as follows:

- June 6, 2007 – issued 2,825,000 non flow-through units at a price of $0.20 per unit and 288,000 flow-through shares at a price of $0.25 per share for total proceeds of $637,000. Each non flow-through unit consists of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at a price of $0.25 for a period of two years from closing.

During the year ended September 30, 2006, the Company completed private placements as follows:

- October 7, 2005 - issued 300,000 units at a price of $0.30 per unit and 700,000 flow-through units at a price of $0.35 per unit for total proceeds of $335,000. Each flow-through unit and non flow-through unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share of the Company at a price of $0.40 for a period of one year from closing. These share purchase warrants expired during the 2007 fiscal year.
- June 5, 2006 - issued 60,000 units and 340,000 flow-through units at a price of $0.25 per unit for total proceeds of $100,000. Each flow-through unit and non flow-through unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.35 for a period of one year. These share purchase warrants expired during the 2007 fiscal year.
- July 18, 2006 – issued 20,000 units and 520,000 flow-through units at a price of $0.25 per unit for total proceeds of $135,000. Each flow-through unit and non flow-through unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.35 per share for a period of one year. These share purchase warrants expired during the 2007 fiscal year.

During the year ended September 30, 2007, the Company issued 125,000 common shares to Messina as part of the Pukaskwa agreement (Note 4) at a value of $22,500 (September 30, 2006 - 100,000 shares at $24,500).

During the year ended September 30, 2007, the Company issued 940,000 shares on exercise of options for total proceeds of $94,000.

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd)

At September 30, 2007, the Company had 2,825,000 share purchase warrants outstanding and exercisable at an average exercise price of $0.25 per share. Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2005	-	$ -
Warrants issued	1,940,000	0.38
Balance, September 30, 2006	1,940,000	0.38
Warrants expired	(1,940,000)	0.38
Warrants issued	2,825,000	0.25
Balance, September 30, 2007	2,825,000	$ 0.25

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd)

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

Following is a summary of stock options outstanding at September 30, 2007:

Number of Shares	Exercise Price	Expiry Date
200,000	$ 0.20	May 2, 2008
200,000	$ 0.23	June 8, 2008
100,000	$ 0.32	October 11, 2007 (subsequently expired)
500,000		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2005	1,340,000	$ 0.13
Options granted	100,000	0.32
Balance, September 30, 2006	1,440,000	0.15
Options exercised	(940,000)	0.10
Balance, September 30, 2007	500,000	0.24
Number of options currently exercisable	500,000	$ 0.24

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd)

Stock-based compensation

During the year ended September 30, 2006, the Company granted 100,000 stock options which vested upon granting. Stock-based compensation expense using the Black-Scholes option pricing model was $21,620 which was also recorded as contributed surplus on the balance sheet during the 2006 fiscal year. The weighted average fair value of the options granted was $0.22.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended September 30, 2006:

Risk-free interest rate	3.80%
Expected life of options	2 years
Annualized volatility	115%
Dividend rate	0.00%

Westward granted 875,000 stock options during fiscal 2006 resulting in compensation expensed and contributed surplus of $57,750 which is reflected in the consolidated financial statements.

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the year ended September 30, 2007:

a) paid or accrued corporate and administration fees of $36,808 (2006 - $36,006) to an officer of the Company;

b) paid or accrued management fees of $43,750 (2006 - $42,000) to an officer and director of the Company;

c) paid or accrued geological consulting fees included in mineral property and exploration costs of $32,237 (2006 - $59,978) and consulting fees of $Nil (2006 – $1,563) to a director of the Company;

d) received and repaid a non-interest bearing loan during the year of $25,000 from a director and officer of the Company;

10. RELATED PARTY TRANSACTIONS (cont'd)

e) sold 105,000 (2006 – 57,000) common shares of Messina for total proceeds of $140,434 (2006 – 79,752), resulting in a gain of $118,384 (2006 – 67,782). As at September 30, 2007, the Company held 105,042 (2006 – 210,042) common shares of Messina with a market value of $79,832 (2006 – $252,050).

f) sold nil (2006 – 55,500) common shares of Stingray for total proceeds of nil (2006 - $32,391), resulting in a gain of nil (2006 - $22,591). As at September 30, 2007, the Company held 231 (2006 – 231) common shares of this company with a market value of $152 (2005 – $164).

Included in accounts payable at September 30, 2007 is $2,036 (September 30, 2006 - $35,572) owing to officers and directors of the Company.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

11. INCOME TAXES

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows:

	2007	2006
Loss for the year before taxes	$ (769,167)	$ (232,665)
Expected income tax recovery	$ (267,000)	$ (85,000)
Other	186,000	1,000
Partnership income subject to tax	108,000	586,000
Resource expenditures	6,000	(520,000)
Unrecognized (recognized) benefits of non-capital losses	(115,000)	(75,000)
Total income tax recovery	$ (82,000)	$ (93,000)

11. INCOME TAXES (cont'd)

The significant components of the Company's future income tax assets are as follows:

	2007	2006
Future income tax assets:		
Non-capital loss carryforwards	$ 209,000	$ 166,000
Capital loss carryforward	179,000	190,000
Financing costs	5,000	5,000
Capital assets	20,000	20,000
Resource expenditures	3,722,000	3,567,000
	4,135,000	3,948,000
Net future income tax assets before valuation allowance	(4,135,000)	(3,948,000)
Net future income tax assets	$ -	$ -

Partnership income accounted for on a cost basis is $Nil (2006 - $Nil) whereas allocated partnership income for income tax purposes is $312,354 (2006 - $1,599,456).

The Company has available non-capital losses of approximately $683,000 for deduction against future taxable income. These losses, if not utilized, will expire through to 2027. Subject to certain restrictions, the Company also has resource deductions available to reduce taxable income in future years. The Company also has capital losses totalling $1,170,000 which can be carried forward indefinitely.

Future tax benefits which may arise as a result of these non-capital losses and resource expenditures have been offset by a valuation allowance and have not been recognized in these financial statements.

During the year ended September 30, 2007, the Company issued 288,000 (2006 - 1,560,000) common shares on a flow-through basis for gross proceeds of $72,000 (2006 - $460,000). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. The Company has renounced exploration expenditures of $214,914 (2006 - $244,300) which resulted in a future income tax recovery of $82,000 (2006 - $93,000) and a charge against capital stock.

12. SEGMENTED INFORMATION

The Company primarily operates in Canada in one industry segment being the acquisition and exploration of mineral properties.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended September 30, 2007, the Company had the following significant non-cash transactions:

a) accrued accounts payable of $1,100 (2006 – $22,600) relating to deferred exploration costs;
b) increased marketable securities by $234,998 with a corresponding reduction in the deficit by the same amount (See note 2);
c) reclassified income taxes payable and certain other trade payables from current liabilities to long-term pursuant to the accepted bankruptcy proposal (Note 8);
d) issued 125,000 (2006 – 100,000) common shares at a value of $22,500 (2006 - $24,500) to Messina as part of the Pukaskwa agreement (Note 4).

14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, marketable securities, investment in partnership, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

15. CONTINGENCY

During the year ended September 30, 2005, the Company received notice from the operator of the joint venture on the Magnacon claims that the Company's interest in these claims has been diluted to 22.2% as a result of non-payment of the Company's share of exploration expenditures on the claims since January 1, 2004 in an amount of approximately $340,000 (Note 4). Management is of the opinion that the work program undertaken by the operator was not approved by the Company and, accordingly, it is management's opinion that dilution, if any, of the Company's interest in the claims will be less than that claimed by the operator. It is management's opinion that ultimate resolution of this matter cannot be determined at this time, therefore no dilution of the Company's interest has been reflected in these financial statements and no provision has been made in the accounts of the Company for any liability associated with unpaid exploration expenditures.

16. SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2007, the Company granted 975,000 stock options exercisable at $0.15 per share for a period of three years. Additionally, Westward granted 875,000 stock options exercisable at $0.10 per share for a period of 3 years.

CORPORATE DATA

JANUARY 2008

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CAPITALIZATION

Authorized:	Unlimited
Issued:	30,299,909
Options:	1,375,000
Warrants:	2,825,000

LISTINGS

TSX Venture Exchange
Trading Symbol: WRA
Cusip No.: 973151 10 3