WINDARRA MINERALS LTD.

Annual Report
For the Year Ended September 30, 2008

MESSAGE TO SHAREHOLDERS

In the last few years, the mineral exploration industry has seen significant growth, primarily as a result of increased global demand, led by China and India. Prices for both base and precious metals increased steadily, resulting in multi-year price highs for a number of resource commodities in 2007 and 2008. With improving metal prices and increasing demand, a need for the development of exploration projects arose. Metal prices have since come off of their multi-year highs as a result of various economic factors including a global credit financial crisis.

Although these factors have had a negative impact on the junior mining sector, junior companies such as Windarra Minerals Ltd. remain key participants in identifying properties of merit, such as the Company's Pukaskwa, Mishi Leases, and Magnacon properties, to explore and develop.

The Company is engaged in the acquisition of mineral properties and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable ore deposits. The Company will seek to counter these risks to the extent possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

In 2008 Windarra sold its subsidiary Westward Explorations Ltd. and acquired Little Deer Lake and Magnacon Mine property interests from Westward. Earlier in the year, Windarra purchased two Mishi Leases and a 1% royalty on the Mishi Pit in Ontario from Messina Minerals Inc. and MacMillan Gold Corp. Negotiations are ongoing to form a joint venture on the Company's Ontario properties.

John Pallot
President

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

January 19, 2009

This Management Discussion and Analysis is provided for the purpose of reviewing the fourth quarter of fiscal 2008, as well as the fiscal year, and comparing results to the previous period. The MD & A should be read in conjunction with the Company's audited financial statements and corresponding notes for the fiscal years ending September 30, 2008 and 2007. 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 former subsidiary, Westward Explorations Ltd. ("Westward").

In May 2008, Windarra completed the sale of 13,000,000 shares of Westward in a private sale for gross proceeds of $765,000. As part of the sale transaction, the proceeds were used to retire the Company's debt to Westward in the amount of $567,579 and to purchase certain mineral property interests in the amount of $147,000. Windarra now owns less than 1% of the outstanding shares of Westward.

The mineral properties acquired as part of the Westward disposition include Westward's interest in the Magnacon properties in Ontario and the Little Deer Lake property in Saskatchewan. Each of these properties is carried in the financial statements at their written down value of $1.

In February 2008, the Company completed an agreement to acquire a 100% interest in two mining leases and a royalty in respect to ore mined and milled from a third crown mining lease in the Sault Ste. Marie Division in Ontario near Wesdome Gold Mines' Mishi Pit. The royalty interest provides for payment of $1.00 per tonne for ore from open pit mining and $2.00 per tonne for underground mining in excess of 700,000 tonnes mined.

In June of 2007, 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. A channel sampling program was also undertaken on the Bonanza Grade zone, and infill soil sampling was undertaken on the West Aardvark grid. Results of the Middle Finger Lake zone drilling confirmed the down-dip potential of the zone in the immediate area of the Middle Finger Lake zone trench. The channel and soil sampling programs were also successful, and in combination with the diamond drilling, continue to affirm the excellent potential of the Pukaskwa property.

During the year ended September 30, 2007, 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, will have an impact on the ability of the Company to obtain future financing.

The Company's loss before other items, discontinued operations and income taxes for the year ended September 30, 2008 was $296,169 (2007- $145,556). This increase is largely due to a $113,000 charge for stock-based compensation in the current year, as opposed to $Nil in the year ended September 30, 2007. Professional and financial fees also increased due to the costs of disposition of its former subsidiary, Westward.

RESULTS OF OPERATIONS

The Company incurred $7,513 in expenditures on its Pukaskwa claims during the year ended September 30, 2008 (September 30, 2007 – $287,129).

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 ("Wesdome") (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 highly 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 holds what was an original 25% interest); and the Magnacon East 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 2007, with daily access to the drill 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.

Work for Windarra in 2008 included final news releases relating to the results of the 2007 summer drill program at the Middle Finger Lake zone on the Pukaskwa property. In addition, the soil geochemistry was re-compiled for that part of the property after receiving the analytical results for the in-fill sampling done in 2007. That work is being incorporated in the drill report, which is now largely complete. In the latter part of the year, digitizing began on the previous work done in the vicinity of the Champagne vein (western Pukaskwa property), and on the Mishi Leases (near the Magnacon Mine), with the aim of getting the data for those areas in presentation format.

Mishi Properties

In December 2007, 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.

Regulatory approval has been received and, in consideration for this acquisition, the Company has issued an aggregate of 400,000 common shares of its capital stock to Messina and MacMillan.

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 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 wrote down its interest in these claims to a nominal value.

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

Little Deer Lake Claims, Saskatchewan

During the year ended September 30, 2008, the Company purchased a 20% interest in certain mineral claims in the La Ronge Mining Division, Saskatchewan from Westward as part of the sale of the Westward shares. These claims are carried in the accounts at a nominal value of $1.

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, 2008
$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	-$72,000 for property exploration on the Pukaskwa Property -$565,000 for working capital	$249,000 on Pukaskwa property

SELECTED ANNUAL INFORMATION

This discussion should be read in conjunction with the Company's annual audited financial statements dated September 30, 2008.

	Year ended September 30, 2008	Year ended September 30, 2007	Year ended September 30, 2006
Income (loss) before discontinued operations and income taxes	$ (296,169)	$ (145,556)	$ (72,579)
Per share	$ (0.01)	$ (0.01)	$ (0.00)
Net income (loss) for the year	$857,131	$ (687,167)	$ (1,060,419)
Basic and diluted earnings (loss) per share	$ 0.03	$ (0.03)	$ (0.04)
Total Assets	$1,100,905	$1,173,457	$1,091,531
Mineral properties and deferred exploration expenditures	$916,265	$860,750	$ 979,316

September 30, 2008 compared to September 30, 2007

The Company's income for the year ended September 30, 2008 is not comparable to the year ended September 30, 2007 due to the inclusion of the gain on sale of discontinued operations in the amount of $1,178,405. The expenses for the year ended September 30, 2008 are $150,613 higher than the previous year due to increases in management and financial consulting fees of $13,278 and professional fees of $14,868 as a result of the Westward transaction. As well, the Company had stock-based compensation of $113,000 in the year ended September 30, 2008 (2007 – $Nil).

During the year ended September 30, 2008, the Company's total assets have remained relatively stable as compared to September 30, 2007 in spite of the disposal of Westward. There has been a reduction of cash on hand of $169,945 as well as an increase in mineral properties and deferred exploration costs in the amount of $55,515. The Company also has shown a significant increase in its investments as a result of holding 474,215 common shares of Westward with a market value of $142,265. The Company has a working capital deficiency of $17,933 at September 30, 2008 as compared to working capital of $29,679 at September 30, 2007.

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.

SUMMARY OF QUARTERLY RESULTS

QUARTER ENDING	Sept. 30 2008	June 30 2008	Mar. 31 2008	Dec. 31 2007	Sept. 30 2007	June 30 2007	Mar. 31 2007	Dec. 31 2006
Income(loss) before discontinued operations and income taxes	$(279,264)	$248,913	$ 121,200	$(192,723)	$(538,972)	$(104,255)	$ (79,381)	$ (46,559)
Per share	$ (0.01)	$ (0.01)	$ 0.00	$ (0.01)	$ (0.02)	$ (0.01)	$ 0.00	$ 0.00
Income (loss) for the period	$(256,264)	$1,427,318	$ 121,200	$(192,723)	$(538,972)	$(104,255)	$ (79,381)	$ (46,559)
Earnings (loss) per share	$ (0.01)	$ 0.05	$ 0.00	$ (0.01)	$ (0.02)	$ (0.01)	$ 0.00	$ 0.00

The loss for the fourth quarter 2008 is $256,264 compared to a loss of $538,972 for the fourth quarter 2007. The main difference is a write-down of mineral properties in the fourth quarter 2007 in the amount of $227,495 with no corresponding write-down in the fourth quarter 2008. Also, unrealized loss on investments in fourth quarter 2008 was higher than fourth quarter 2007 by $153,635 and future income tax recovery was $59,000 higher in fourth quarter 2007 than in fourth quarter 2008.

LIQUIDITY AND CAPITAL RESOURCES

The Company has a working capital deficiency of $17,933 at September 30, 2008 as compared to working capital of $29,679 at September 30, 2007. The Company's working capital situation has been fairly stable and will be determined by its ability to offset expenses against gains obtained through the continued divestment of investments. During the year ended September 30, 2007, 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 was 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.

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, 2008:

a) paid or accrued corporate and administration fees of $33,311 to Susan Tessman, Corporate Secretary of the Company, $9,261 of which is included in loss from discontinued operations;

b) paid or accrued management fees of $49,975 to John Pallot, President of the Company, $10,725 of which is included in loss from discontinued operations;

c) paid or accrued geological consulting fees included in mineral property and exploration costs of $3,427 to Charles Greig, a director of the Company;

d) issued 200,000 common shares at a value of $24,000 to Messina Minerals Inc., a company with common directors and officers in consideration for mineral property acquisitions;

e) paid directors fees in the amount of $500;

Included in accounts payable at September 30, 2008 is $2,731 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.

CHANGE IN ACCOUNTING POLICIES

Recently Adopted Accounting Policies

Effective October 1, 2007, the Company adopted new accounting policies of the Canadian Institute of Chartered Accountants Handbook:

Financial Instruments – Disclosures

The AcSB issued Section 3862, under which disclosure is required to enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement,* Section 3863, *Financial Instruments – Presentation,* and Section 3865, *Hedges.*

Financial Instruments – Presentation

The AcSB issued CICA Handbook Section 3863, under which presentation is required to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

Capital Management

The AcSB issued CICA Handbook Section 1535, under which disclosure is required to provide information about an entity's capital and how it is managed.

NEW ACCOUNTING POLICIES

Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets.

Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date for the Company will be October 1, 2011 and will require the restatement for comparative purposes of amounts reported for the year ended September 30, 2011. The impact of the transition to IFRS on the Company's financial statements has not yet been determined.

Assessing Going Concern

Section 1400 requires management to assess and disclose an entity's ability to continue as a going concern.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, investments, 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.

MANAGEMENT'S REPORT OVER INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under Multilateral Instrument ("MI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

OUTSTANDING SHARE DATA

As at September 30, 2008 the Company had 30,699,909 shares outstanding. During the year, the Company issued 400,000 shares pursuant to its acquisition agreement for the Mishi leases.

During the year, the Company granted 975,000 options exercisable at $0.15 for a period of three years and 500,000 options exercisable at $0.17 for a period of three years. Also, 100,000 options exercisable at $0.32, 200,000 options exercisable at $0.20 and 200,000 options exercisable at $0.23 expired. At September 30, 2008, the Company had the following stock options outstanding:

Date of Grant	Amount	Exercise Price	Expiry Date	Type
Nov. 2, 2007	950,000	$0.15	Nov. 2, 2010	Director
Nov. 13, 2007	25,000	$0.15	Nov. 13, 2010	Consultant
May 22, 2008	500,000	$0.17	May 22, 2011	Director
TOTAL	**1,475,000**	$0.16		

At the end of the 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**		

PROPOSED SHARE CONSOLIDATION

At the upcoming annual general meeting in February 2009, the Company will request shareholder approval of a special resolution to consolidate its shares on a 1 new for 10 old basis and, in conjunction, a name change to Muriwai Minerals Ltd. The share consolidation is proposed in order to allow the Company greater flexibility in future financings. Windarra currently has 30,699,909 shares outstanding and, upon completion of the consolidation, would have 3,069,990 shares outstanding. The Company has the option of not consolidating its shares or consolidating at a ratio less than the above. The share consolidation and change of name are subject to TSX Venture Exchange approval.

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	
	2008	**2007**
EXPENSES		
Amortization	$ 134	$ 143
Corporate and administration fees	7,625	5,950
Management and financial fees	18,762	11,621
Office and miscellaneous	3,313	2,272
Professional fees	37,968	25,630
Public relations	1,310	2,059
Regulatory fees and transfer agent fees	1,180	1,996
Rent	6,249	3,500
Loss before other items, discontinued operations and income taxes	(76,541)	(53,171)
OTHER ITEMS		
Interest income	169	1,516
Unrealized loss on investments	(202,892)	(49,257)
Reversal of unrealized gain on investments	-	-
Gain on sale of investments (Note 6)	-	-
Write-down of mineral properties	-	(227,495)
	(202,723)	(275,236)
Loss before discontinued operations and income taxes	$ 279,264	$ 328,407

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 5 to the financial statements)

SCHEDULE OF SHARE CAPITAL

As at the date of this Management Discussion & Analysis

Common Shares outstanding	30,699,909
Options outstanding	1,475,000
Warrants outstanding	2,825,000
Fully diluted share capital	34,999,909

AUDITORS' REPORT

To the Shareholders of
Windarra Minerals Ltd.

We have audited the balance sheets of Windarra Minerals Ltd. as at September 30, 2008 and 2007 and the 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 financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2008 and 2007 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

January 12, 2009

WINDARRA MINERALS LTD.
BALANCE SHEETS
AS AT SEPTEMBER 30

		2008		2007
ASSETS				
Current				
Cash	$	20,880	$	190,825
Receivables		4,877		19,153
Prepaid expenses		1,800		1,200
Current assets held for sale		-		9,908
		27,557		221,086
Equipment (Note 4)		1,583		1,450
Mineral properties and deferred exploration costs (Note 5)		916,265		860,750
Investment in partnership (Note 6)		100		100
Investments (Note 7)		155,400		88,746
Long-term assets held for sale (Note 3)		-		1,325
	$	1,100,905	$	1,173,457
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	45,490	$	38,936
Current liabilities related to assets held for sale (Note 3)		-		152,471
		45,490		191,407
Long-term liabilities related to assets held for sale (Note 3)		-		829,806
		45,490		1,021,213
Shareholders' equity				
Capital stock (Note 9)		23,073,226		23,048,986
Contributed surplus (Note 9)		194,423		172,623
Deficit		(22,212,234)		(23,069,365)
		1,055,415		152,244
	$	1,100,905	$	1,173,457

Nature and continuance of operations (Note 1)
Discontinued operations (Note 3)
Contingency (Note 16)

On behalf of the Board:

"John Pallot" ____________________________ Director

"Gary McDonald" ________________________________ Director

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

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

	2008	2007
EXPENSES		
Amortization	$ 535	$ 572
Corporate and administration fees	26,050	20,558
Management and financial consulting fees	48,099	34,821
Office and miscellaneous	10,642	12,695
Professional fees	52,198	37,330
Public relations	6,212	7,462
Regulatory fees and transfer agent fees	18,932	17,345
Rent	17,473	13,789
Stock-based compensation	113,000	-
Travel and related costs	3,028	984
Loss before other items, discontinued operations and income taxes	(296,169)	(145,556)
OTHER ITEMS		
Interest income	2,421	2,450
Unrealized gain (loss) on investments	66,653	(47,707)
Reversal of unrealized gain on investments	-	(123,650)
Gain on sale of investments (Note 7)	-	130,264
Write-down of mineral properties (Note 5)	-	(227,495)
	69,074	(266,138)
Loss from continuing operations before income taxes	(227,095)	(411,694)
Gain on sale of discontinued operations (Note 3)	1,178,405	-
Income (loss) from discontinued operations (Note 3)	(117,179)	(357,473)
Income (loss) before income taxes	834,131	(769,167)
INCOME TAXES		
Future income tax recovery (Note 11)	23,000	82,000
Income (loss) and comprehensive income (loss) for the year	857,131	(687,167)
Deficit, beginning of year	(23,069,365)	(22,617,196)
Fair value adjustment on investments (Note 2)	-	234,998
	(23,069,365)	(22,382,198)
Deficit, end of year	$ (22,212,234)	$ (23,069,365)
Basic and diluted earnings (loss) per common share	$ 0.03	$ (0.03)
Weighted average number of common shares outstanding during the year	30,538,160	27,331,588

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

WINDARRA MINERALS LTD.
STATEMENTS OF CASH FLOWS
YEAR ENDED SEPTEMBER 30

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year from continuing operations	$ (204,095)	$ (329,694)
Items not affecting cash:		
Amortization	535	572
Stock-based compensation	113,000	-
Unrealized loss (gain) on investments	(66,653)	47,707
Reversal of unrealized gain on investments	-	123,650
Gain on sale of investments	-	(130,264)
Write-down of mineral properties	-	227,495
Future income tax recovery	(23,000)	(82,000)
Changes in non-cash working capital items:		
Decrease in receivables	14,276	26,003
Decrease in prepaid expenses	(600)	(367)
Increase (decrease) in accounts payable and accrued liabilities	7,715	(18,969)
Net cash used in operating activities	(158,822)	(135,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of discontinued operations, net of cash disposed	48,340	-
Purchase of equipment	(668)	(230)
Mineral properties and deferred exploration costs	(8,616)	(286,219)
Proceeds from sale of investments	-	155,914
Net cash used in investing activities	39,056	(130,535)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital stock issued for cash	-	731,000
Share issue costs	(760)	(3,685)
Net cash used in financing activities	(760)	727,315
Cash used in discontinued operations	(54,680)	(275,240)
Change in cash during the year	(175,206)	185,673
Cash, beginning of year	196,086	10,413
Cash, end of year	$ 20,880	$ 196,086

Supplemental disclosure with respect to cash flows (Note 13)

The accompanying notes are an integral part of these 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 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 and to commence profitable operations in the future.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

During the year ended September 30, 2008, the Company reduced its investment in Westward Explorations Ltd. (“Westward”) from approximately 71% to less than 1% (Note 3). The financial statements for the year ended September 30, 2008 include the operations and cash flows of Westward to March 31, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 computer 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Mineral properties and deferred exploration costs (cont'd)

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.

Asset retirement obligations

The Company's asset retirement obligation policy requires recognition of a legal liability for obligations relating to retirement of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Earnings (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 earnings (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 year ended September 30, 2007 presented this calculation proved to be anti-dilutive.

Earnings (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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

As a result of the adoption of these new standards, the Company has classified its cash and investments 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 investments.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recently Adopted Accounting Policies

Effective October 1, 2007, the Company adopted new accounting policies of the Canadian Institute of Chartered Accountants:

Capital Management

The AcSB issued CICA Handbook Section 1535, under which disclosure is required to provide information about an entity's capital and how it is managed.

Financial Instruments – Disclosures

The AcSB issued Section 3862, under which disclosure is required to enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – recognition and Measurement,* Section 3863, *Financial Instruments – Presentation,* and Section 3865, *Hedges.*

Financial Instruments – Presentation

The AcSB issued CICA Handbook Section 3863, under which presentation is required to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recent Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date for the Company will be October 1, 2011 and will require the restatement for comparative purposes of amounts reported for the year ended September 30, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements has not yet been determined.

Assessing Going Concern

Section 1400 requires management to assess and disclose an entity's ability to continue as a going concern.

3. DISCONTINUED OPERATIONS

On April 3, 2008, the Company filed notice of intention to sell up to 13,474,215 common shares in Westward, a company related by virtue of a common director, by way of a private sale. The sale of 13,000,000 common shares for gross proceeds of $765,000 was completed May 5, 2008. Concurrent with this sale, $567,579 was applied to repay the Company's loan from Westward and $147,000 was applied to purchase mineral properties from Westward, yielding net proceeds of $50,421. The two mineral properties purchased had been previously written down by Westward to $1 each and the difference is considered a transaction cost and has been deducted from the gain on sale of discontinued operations.

3. DISCONTINUED OPERATIONS (cont'd)

As a result of these transactions, financial information for periods subsequent to March 31, 2008 is presented on an unconsolidated basis. The remaining investment in Westward of 474,215 common shares is included in investments. The Company continues to be related to Westward by virtue of a common director.

The loss from discontinued operations is as follows:

	Six months ended March 31 2008	Year ended September 2007
Operating expenses		
Amortization	$ 249	$ 519
Corporate and administration fees	9,394	17,249
Management and financial consulting fees	14,180	24,280
Office and miscellaneous	3,853	7,838
Professional fees	13,850	-
Public relations	2,223	17,664
Regulatory fees and transfer agent fees	21,729	5,235
Rent	7,233	12,946
Stock-based compensation	43,750	13,787
Travel and related costs	718	984
	117,179	100,502
Other items		
Write-down of mineral properties	-	178,290
Canada Revenue Agency judgment costs	-	78,681
Loss from discontinued operations	$ 117,179	$ 357,473

3. DISCONTINUED OPERATIONS (cont'd)

Net assets (liabilities) of discontinued operations are summarized as follows:

		March 31 2008		September 30 2007
Current assets	$	9,931	$	9,908
Long-term assets		1,746		1,325
Current liabilities		(304,904)		(152,471)
Long-term liabilities		(699,806)		(829,806)
Net liabilities	$	(993,033)	$	(971,044)

As at March 31, 2008, $567,579 (2007 - $602,500) was owed by the Company to Westward.

4. EQUIPMENT

	2008			2007		
	Cost	**Accumulated Amortization**	**Net Book Value**	**Cost**	**Accumulated Amortization**	**Net Book Value**
Computer equipment	$ 7,388	$ 5,805	$ 1,583	$ 6,719	$ 5,269	$ 1,450

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	September 30, 2008			
	Pukaskwa Claims, Ontario	Mishi Property, Ontario	Magnacon Claims, Ontario	Total
Balance, beginning of year	$ 860,749	$ -	$ 1	$ 860,750
Additions during the year				
Acquisition	-	48,000	2	48,002
Assay costs	1,952	-	-	1,952
Camp costs	304	-	-	304
Geology	3,057	-	-	3,057
Lease rentals	2,200	-	-	2,200
	7,513	48,000	2	55,515
Balance, end of year	$ 868,262	$ 48,000	$ 3	$ 916,265

	September 30, 2007		
	Pukaskwa Claims, Ontario	Magnacon Claims, Ontario	Total
Balance, beginning of year	$ 573,530	$ 227,496	$ 801,026
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	-	(227,495)	(227,495)
Balance, end of year	$ 860,749	$ 1	$ 860,750

5. 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

During the year ended September 30, 2008, the Company acquired an 11.12% interest in these claims from Westward as part of the sale of the Westward shares (Note 3). These claims are carried in the accounts at a nominal value of $1. As a result, 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, 2008. 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 wrote down 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, 2008. At September 30, 2007, the Company wrote down its interest in these claims to a nominal value ($178,290 of which was included in discontinued operations).

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

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 common shares at a value of $67,875. During the year ended September 30, 2007, the Company satisfied all of the requirements of the Pukaskwa Property Agreement and exercised the option, thereby earning the 100% interest in the property from Messina.

Little Deer Lake Claims, Saskatchewan

During the year ended September 30, 2008, the Company purchased a 20% interest in certain mineral claims in the La Ronge Mining Division, Saskatchewan from Westward as part of the sale of the Westward shares (Note 3).These claims are carried in the accounts at a nominal value of $1.

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.

Mishi Leases, Ontario

During the year ended September 30, 2008, the Company acquired a 100% interest in certain mining leases and a royalty interest in the Sault Ste. Marie Division in Ontario. The royalty interest provides for payment of $1.00 per tonne for ore from open pit mining and $2.00 per tonne for underground mining in excess of 700,000 tonnes mined.

The Company issued 400,000 common shares valued at $48,000 in consideration for this acquisition.

6. 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 years ended September 30, 2008 and 2007.

7. INVESTMENTS

Investments consist of shares in publicly traded companies at market price as published in the TSX-V daily market summary. See Change of Accounting Policy – Note 2.

	2008	2007
Fair value	$ 155,400	$ 88,746
Cost	$ 25,105	$ 25,105

At September 30, 2008, 474,215 common shares of Westward have been classified as held-for-trading and are included in investments at a market value of $142,265. Also included at September 30, 2008 are 105,042 (September 30, 2007 - 105,042) common shares of Messina with a market value of $11,554 (September 30, 2007 - $79,832).

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 would be discharged by payments totalling $812,500. During fiscal 2008, payment in the amount of $130,000 (2007 - $162,500) was made.

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

Income taxes payable and other	$	829,806
Current portion of long term liabilities		130,000
	$	959,806

The above amounts are included in discontinued operations (Note 3).

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
		$	$
Authorized			
Unlimited common shares without par value			
Issued			
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	-
Offering 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
Issued for property acquisition	400,000	48,000	-
Share issue costs	-	(760)	-
Fair value of options granted	-	-	156,750
Tax benefits renounced to flow-through subscribers	-	(23,000)	-
Discontinued operations	-	-	(134,950)
Balance at September 30, 2008	30,699,909	23,073,226	194,423

During the year ended September 30, 2008, the Company issued 400,000 common shares as part of the Mishi lease acquisition (Note 5) at a value of $48,000.

During the year ended September 30, 2007, the Company completed the following:

- 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.
- issued 125,000 common shares to Messina as part of the Pukaskwa agreement (Note 5) at a value of $22,500.
- 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, 2008 and 2007, the Company had 2,825,000 share purchase warrants outstanding and exercisable at an exercise price of $0.25 per share until June 5, 2009. Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
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, 2008 and 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, 2008:

Number of Shares		Exercise Price	Expiry Date
950,000	$	0.15	November 2, 2010
25,000	$	0.15	November 13, 2010
500,000	$	0.17	May 22, 2011
1,475,000			

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, September 30, 2006	1,440,000	$	0.15
Options exercised	(940,000)		0.10
Balance, September 30, 2007	500,000		0.24
Options granted	1,475,000		0.16
Options expired	(500,000)		0.24
Balance, September 30, 2008	1,475,000		0.16
Number of options currently exercisable	1,475,000	$	0.16

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

Stock-based compensation

During the year ended September 30, 2008, the Company granted 1,475,000 stock options which vested upon granting. Stock-based compensation expense using the Black-Scholes option pricing model was $113,000 which was recorded as contributed surplus on the balance sheet. The weighted average fair value of the options granted was $0.08.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

Risk-free interest rate	3.82%
Expected life of options	3 years
Annualized volatility	75%
Dividend rate	0.00%

Westward granted 875,000 stock options during the period ended March 31, 2008 resulting in compensation expensed and contributed surplus of $43,750 which is reflected in the financial statements as part of income (loss) from discontinued operations.

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the year ended September 30, 2008:

a) paid or accrued corporate and administration fees of $33,311 (2007 - $36,808) to an officer of the Company, $9,261 of which is included in loss from discontinued operations;

b) paid or accrued management fees of $49,975 (2007 - $43,750) to an officer and director of the Company, $10,725 of which is included in loss from discontinued operations;

c) paid or accrued geological consulting fees included in mineral property and exploration costs of $3,427 (2007 - $32,237) to a director of the Company;

d) issued 200,000 (2007 – 125,000) common shares at a value of $24,000 (2007 – 22,500) in consideration for mineral property acquisitions (Note 5);

e) paid directors fees in the amount of $500 (2007 – Nil);

f) received and repaid a non-interest bearing loan during the period of $Nil (September 30, 2007 – $25,000) from a director and officer of the Company; and

g) sold nil (2007 – 105,000) common shares of Messina for total proceeds of $Nil (2007 – $140,434), resulting in a gain of $Nil (2007 - $118,384).

Included in accounts payable at September 30, 2008 is $2,731 (2007 - $2,036).

As at September 30, 2008, the Company held 105,042 (2007 - 105,042) shares of Messina with a market value of $11,554 (2007 - $79,832) and holds 474,215 shares of Westward, a former subsidiary which has a common officer and director with a market value at September 30, 2008 of $142,265.

Included in accounts payable at September 30, 2008 is $2,731 (2007 - $2,036) 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:

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

	2008	2007
Income (loss) for the year before taxes	$ 834,131	$ (769,167)
Expected income tax expense (recovery)	$ 266,000	$ (267,000)
Other	(362,000)	186,000
Partnership income subject to tax	10,000	108,000
Resource expenditures	-	6,000
Unrecognized (recognized) benefits of non-capital losses	63,000	(100,000)
Recognized benefits of capital losses	-	(15,000)
Total income tax recovery	$ (23,000)	$ (82,000)

	2008	2007
Future income tax assets:		
Non-capital loss carryforwards	$ 54,000	$ 209,000
Capital loss carryforward	532,000	179,000
Financing costs	3,000	5,000
Capital assets	7,000	20,000
Investments	7,000	-
Resource expenditures	2,708,000	3,722,000
	3,311,000	4,135,000
Net future income tax assets before valuation allowance	(3,311,000)	(4,135,000)
Net future income tax assets	$ -	$ -

Partnership income accounted for on a cost basis is $Nil (2007 - $Nil) whereas allocated partnership income for income tax purposes is $32,330 (2007 - $312,354).

11. INCOME TAXES cont'd

The Company has available non-capital losses of approximately $209,000 for deduction against future taxable income. These losses, if not utilized, will expire through to 2028. 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 $4,094,000 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, 2008, the Company issued nil (2007 - 288,000) common shares on a flow-through basis for gross proceeds of $Nil (2007 - $72,000). 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 $72,000 (2007 - $214,914) which resulted in a future income tax recovery of $23,000 (2007 - $82,000) 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, 2008, the Company had the following significant non-cash transactions:

a) accrued accounts payable of $Nil (2007 – $1,100) relating to deferred exploration costs;

b) issued 400,000 (2007 – 125,000) common shares at a value of $48,000 (2007 - $22,500) in consideration for mineral property acquisitions. (Note 5).

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

a) increased investments by $234,998 with a corresponding reduction in the deficit by the same amount (Note 2);

b) reclassified income taxes payable and certain other trade payables from current liabilities to long-term pursuant to the accepted bankruptcy proposal;

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, investments, 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.

Fair Values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

(a) *Financial Risk Management*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

(b) *Financial Instrument Risk Exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Fair Values (cont'd)

Credit Risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's receivables consist primarily of sales tax receivables due from federal government agencies.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

15. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

16. 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 5). 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.

CORPORATE DATA

JANUARY 2009

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DIRECTORS AND OFFICERS

John Pallot, President/Director
Gary McDonald, C.F.O./Director
Robert Fraser, Director
Charles Greig, Director
Susan Tessman, Corporate Secretary

INVESTOR CONTACTS

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CAPITALIZATION

Authorized:	Unlimited
Issued:	30,699,909
Options:	1,475,000
Warrants:	2,825,000

LISTINGS

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