Quarterly Report For the Six Month Period
ended March 31, 2012

May 25, 2012

This Management Discussion and Analysis (MD&A) is provided for the purpose of reviewing the second quarter of fiscal 2012 and comparing results to the previous period. The MD&A should be read in conjunction with the Company's unaudited financial statements and corresponding notes for the periods ending March 31, 2012 and 2011 and the audited financial statements for the year ended September 30, 2011.

The financial statements for the period ended March 31, 2012 and comparative periods presented therein have been reported in accordance with International Financial Reporting Standards ("IFRS"). The financial statements for the year ended September 30, 2011 were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All monetary amounts are expressed in Canadian dollars.

Financial results are now being reported in accordance with International Financial Reporting Standards ("IFRS"). As a result, accounting policies, presentation, financial statement captions and terminology used in this discussion and analysis may differ from those used in previous financial reporting. Further details on the transition to IFRS are included in Notes 2 and 14 of the financial statements for the six months ended March 31, 2012.

FORWARD LOOKING STATEMENTS

All statements in this report that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs and are subject to risks, uncertainties and other factors of which many are beyond its control. These factors could cause actual results to differ materially from such forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise.

COMPANY OVERVIEW AND OVERALL PERFORMANCE

Financial

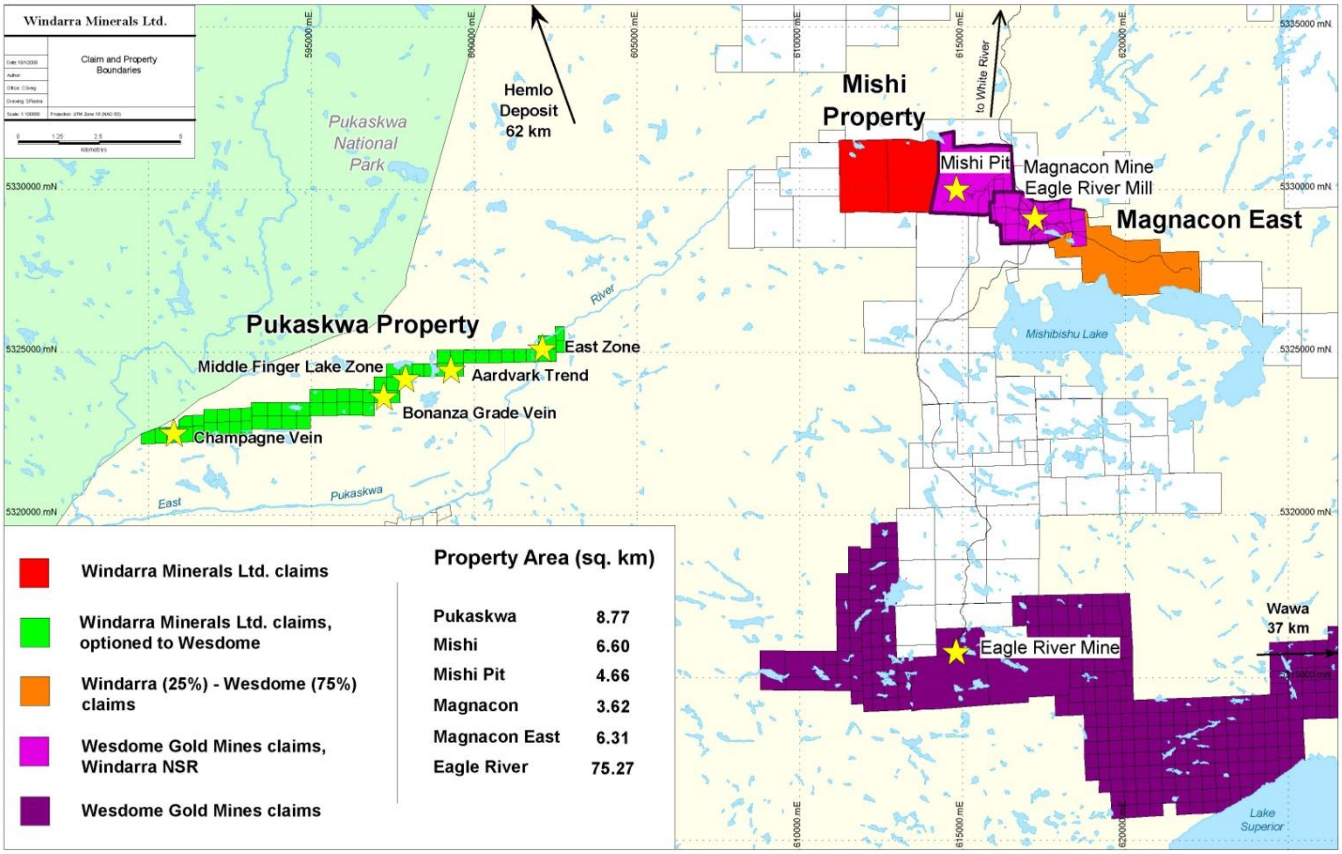
The Company closed a brokered private placement during the 2011 fiscal year for total gross proceeds of $908,900, through the issuance of 3,044,500 flow-through shares at a price of $0.20 and 2 million non-flow-through shares at a price of $0.15.

Flow-through funds raised were used for continued exploration on the Company's Mishi gold prospect properties.

The Company's loss before other items for the period ended March 31, 2012 was $108,663 (2011 – $319,348). This increase is mainly due to a charge to share-based compensation during the previous year with no corresponding charge during the current fiscal year.

RESULTS OF OPERATIONS

During the period ended March 31, 2012, the Company incurred $118,727 (September 30, 2011 – $897,747) in expenditures on its Mishi property.



Mishi Leases and Mishi Open Pit

The Company owns a 100% interest in the two mining leases known as the Mishi Leases, as well as a royalty in respect to ore mined and milled from a third crown mining lease. Like the Pukaskwa property, the leases are located in the Sault Ste. Marie Mining Division, and in this case they are contiguous to the west with the lease on which Wesdome Gold Mines' Mishi Open Pit is located. The royalty interest provides for payment to the Company of $1.00 per tonne for milled ore extracted from open pit mining and $2.00 per tonne for milled ore mined from underground in excess of a cumulative total of 700,000 tonnes milled.

The Mishi deposit, which lies less than one km east of the boundary with the Mishi Leases, and only two kilometres west of Wesdome's Eagle River/Magnacon mill, has produced over 15,000 ounces of gold from over 135,000 tonnes of milled open pit ore at a recovered grade of 3.57 g/t Au. Because Wesdome's Mishi deposit lies only a short distance east of Windarra's Mishi Leases, and because the geology and mineralization bear strong similarities to that of the Mishi deposit, the "deposit model" employed by Windarra in exploring the leases is quite naturally based on the characteristics of Wesdome's Mishi deposit. Gold mineralization on the Mishi Leases is found in stacked, foliation-parallel, alteration zones of silica and sericite that host centimeter- to decimeter-scale quartz veins with small amounts of pyrite, pyrrhotite and rare arsenopyrite. The predominant host rocks are schistose and locally sheared metasedimentary rocks and mafic to intermediate tuff Rocks are metamorphosed to greenschist facies and are locally cut by post-mineral diabase dykes.

Earlier this year, Wesdome announced a significant upgrade in the estimated resources for the Mishi deposit. This NI43-101 compliant estimate details Measured and Indicated Resources which total 5.7 million tonnes at 2.4 g/t Au, for a total of 438,000 ounces (at a 1.0 g/t Au cut-off) that are contained in eight easterly-plunging ore lenses. Ninety percent of the resources are shallow and therefore open-pittable, with planned open pits reaching depths of 110 metres. Additional Inferred Resources total 1.2 million tonnes at 3.6 g/t Au for another 140,000 contained ounces, and according to Wesdome there is good potential to delineate further resources with additional drilling, as the deposit remains open both to depth and along strike.

Like the Mishi deposit, the Mishi Leases lie astride a flexure in the regional "Mishibishu deformation zone," which parallels a contact between mafic volcanic and sedimentary rocks. At the Mishi deposit, mineralization occurs mainly as disseminated pyrite in sericitic alteration zones, sometimes accompanied by smokey quartz veinlets. Mineralization of a similar style on the Mishi Leases has yielded significant results in a number of areas, both in diamond drillholes and in trenches, and would be best characterized geophysically by IP chargeability highs.

A drill program began on the property the second week of February 2011, and the drilling, which totaled 3,112 meters in 25 holes, was completed in April. The drilling intersected bulk tonnage-style gold mineralization similar to that at the Mishi Pit (see News Release dated June 2, 2011 for significant intersections). Two of the more significant intercepts are 32.0 m averaging 1.03 g/t Au, which includes 12.4 m at 2.29 g/t Au (hole M11-13), and 20.1 m averaging 1.03 g/t Au (hole M11-18). These intersections were from widely separate zones, with the former representing a new discovery. The latter intersection was from the KK Zone, which has yielded a considerable number of significant intersections from previous drilling and channel sampling, and the KK zone shows excellent potential for development of a sizeable tonnage of mineralized material.

Drill targets for the 2011 program were located in four areas within the 3 km long Mishi Leases property. The targets were based in part on encouraging results returned from geophysical and soil geochemical surveys completed in late 2010 (see News Release dated Feb. 9, 2011). Other targets were outlined from a compilation of exploration results, largely from the 1980's and 1990's, in which approximately 40 holes were drilled across the property. The earlier programs returned very encouraging results, including drill intercepts and trench channel samples of both narrower high-grade mineralization and broad lower-grade "bulk-mineable"-style mineralized material.

The most encouraging results from the 2011 drilling were from holes M11-18 to 25, which targeted mineralization in the KK Zone on the western part of the property (see Mishi Drill Results Figures 1 and 2 on the Company's website). The KK Zone had been drilled previously and this year's drilling was designed to test continuity of mineralization along trend and down-dip. All eight holes intersected multiple zones of gold mineralization, with the most significant intervals being: 1.03 g/t Au over 20.1 m (hole M11-18), 0.77 g/t Au over 12.0 m (hole M11-20), 0.54 g/t Au over 20.9 m (hole M11-22), and 0.61 g/t Au over 20.6 m (hole M11-25). The results of drilling at the KK zone demonstrate that mineralization is continuous across broad widths and they have confirmed the near surface bulk-tonnage potential of the zone, which remains open both down-dip and along strike.

Drilling in the central part of the property yielded significant assays in hole M11-17 (Mishi Drill Plan Figure 1 on the Company's website), which returned 2.96 g/t Au across 5.8 m from a zone that correlates well with a previous drill intersection 50 m to the northeast which averaged 2.49 g/t Au across 10.4 m. Farther east, hole M11-13 was drilled beneath a trench across mineralization, intersecting a zone that averaged 1.03 g/t Au over an impressive 32.0 m and containing a higher grade section that assayed 2.29 g/t Au over 12.4 m. This new zone remains open in both directions along trend as well as down-dip.

Following the success of the drill program early in the year, the Company decided to undertake a further soil geochemical trend to confirm a number of partially-defined trends in the soil geochemistry outlined on the property in a program run in the fall of 2010. Over 1300 samples were collected in October and early November of 2011, and the 2010-11 soil geochemical database for the property now includes over 2500 samples, mainly collected on 25 meter centers and on lines spaced 50 meters apart. The most highly anomalous samples (mainly in gold and arsenic) nicely outline the zones which have yielded the best intersections to date, and along with the IP, resistivity, and magnetometer data collected in 2010, they highlight a number of excellent targets which remain untested.

Future Work

The Company is planning further work at the Mishi Leases property. Detailed geological mapping and potential stripping and trenching are being considered in the vicinity of the KK and other zones outlined by the soil geochemical and geophysical work. Following these efforts, the Company intends to undertake further drilling in order to test new targets and to expand the known zones.

Pukaskwa Claims, Ontario

The Pukaskwa property is located 50 kilometres west of Wawa, Ontario, less than 20 km northwest of Wesdome Gold Mines Ltd.'s ("Wesdome") 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 two highly prospective properties in which Windarra holds an interest. These are the Mishi leases (100% owned, see below) and the Magnacon East joint venture property (25% Windarra, 75% Wesdome), which lie on either side of Wesdome's Mishi-Magnacon complex. 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 mines at Hemlo have produced over 20 million ounces of gold from a single deposit since discovery, and Hemlo is located only 80 kilometers north of the Pukaskwa property. Following significant exploration efforts in the 1980's and 1990's, when a host of gold occurrences were discovered, including the Champagne Vein and West Aardvark, little work was undertaken on the Pukaskwa property. In the fall of 2004, however, 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.

Subsequent to the discovery of the Bonanza-Grade zone, Windarra's work, including a small drill program in 2007, led to a decision by Wesdome to option the Pukaskwa property in 2009. Wesdome undertook a 26 hole, 4,100 meter drill program on the property in the winter of 2009/2010. The purpose of the drilling was to examine the size potential and continuity of the Middle Finger Lake Zone ("MFLZ") and the Bonanza Showing. A total of 20 holes on 3 sections spaced 50m apart traced the MFLZ down-dip and down-plunge at 25m intervals to a depth of 250m. Although mineralization typical of the zone nearer to surface was intersected, the grades and widths proved sub-economic. Drilling results did not demonstrate reasonable continuity of the strong grades and widths identified by previous shallow drilling above depths of 50m. In addition, a total of 6 holes tested the Bonanza Showing down-dip and down-plunge of the high grade surface showing. The holes followed the projection of zone at 25m centres to a depth of 175m. The narrow quartz vein carrying coarse free gold at surface was not encountered in the drill holes. Wesdome has been compiling historic work on the Champagne Vein, but has not announced any further exploration plans at this time, and no final decision on the Pukaskwa option has yet been taken. Wesdome can earn a 60% interest in the property by incurring mineral exploration expenditures of $3.0 million prior to June 30, 2014.

Magnacon Area, Ontario

Magnacon East Block Claims, Ontario

The Company holds a 25% interest in certain claims in the Magnacon East Property in the Sault Ste. Marie mining division, Ontario.

Magnacon Royalty Interest, Ontario

The Company has a 1% net smelter returns royalty ("NSR") on production from certain mineral claims owned by Wesdome Gold Mines Ltd. ("Wesdome") in the Sault Ste. Marie mining division of Ontario.

Milling Rights - Magnacon

The Company is entitled to have Wesdome mill up to 50,000 tonnes annually of its ore from any source at a cost equal to the production cost of such milling plus $2.00 per tonne of ore milled.

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 its former subsidiary Westward Explorations Ltd. as part of the sale of the Westward shares. These claims are carried in the accounts at a nominal value of $1. During the period ended March 31, 2012, the Company purchased Cameco Corporation's ("Cameco") 50% interest in the 1,403 ha Little Deer Lake property, for $25,000. This increased Windarra's interest in the property to 70%, while AREVA Resources Canada Inc. and Cameco each retain a 15% interest. The property lies within the southern La Ronge gold belt of northern Saskatchewan, approximately 60 kilometres north of the town of La Ronge, along Highway 102. It also lies next to the past-producing mine, which was owned by Cameco Corporation and Uranerz Exploration and Mining Limited. The mine opened in January 1995 with published reserves of 499,000 ounces of gold, but was closed in 1997 after production of only 190,000 ounces. The Little Deer Lake project saw considerable exploration work by Cameco and Windarra dating back to 1979 and the Company believes that significant untested exploration potential remains. The first step in Windarra's renewed interest will be to compile the available historical exploration data for the property, in order to provide a basis for further evaluation.

Risk Factors

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.

SUMMARY OF QUARTERLY RESULTS

QUARTER ENDING	**Mar. 31 2012** (1) $	**Dec. 31 2011** (1) $	**Sept. 30 2011** (1) $	**June 30 2011** (1) **$**	**Mar. 31 2011** (1) $	**Dec. 31 2010** (1) $	**Sept. 30 2010** (2) $	**June 30 2010** (2) $
Loss before taxes	(68,859)	(43,694)	(66,987)	(113,617)	(71,392)	(236,116)	175,876	(49,596)
Per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	0.01	(0.00)
Loss and comprehensive loss for the quarter	(68,859)	(43,694)	(66,987)	(113,617)	53,608	(209,116)	175,876	(49,596)
Basic and diluted earnings (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.01)	0.01	(0.00)

(1) Prepared in accordance with IFRS.

(2) Prepared in accordance with Canadian GAAP.

The Company showed a loss before income taxes for the second quarter ended March 31, 2012 of $68,859 which is comparable to a loss of $71,392 for the second quarter of fiscal 2011.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $108,566 at March 31, 2012 as compared to working capital of $365,304 at September 30, 2011. The Company has continued to maintain a positive working capital position as a result of the completion of a private placement in December 2010. Management is of the opinion that the Company has sufficient cash to sustain its current level of activity for the foreseeable future. However, if it decides to undertake new exploration projects, additional funds will have to be raised.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not party to any off balance sheet arrangements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in the financial statements and this MD&A is the responsibility of management. In the preparation of these statements estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the period ended March 31, 2012:

a) paid or accrued corporate and administration fees of $15,900 to Susan Tessman, Corporate Secretary of the Company (2011 - $16,750);

b) paid or accrued management fees of $34,800 to John Pallot, President and director of the Company (2011 - $34,500);

c) paid or accrued geological consulting fees of $50,994 (2011 - $157,111) to Charles Greig, a director of the Company, $50,994 (2010 - $148,762) of which is included in exploration and evaluation assets;

d) paid directors' fees in the amount of $2,500 (2011 - $4,500).

Included in accounts payable at March 31, 2012 is $27,645 (September 30, 2011 - $749) 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

Accounting Principles

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The policies and estimates are considered appropriate under the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Changes in Accounting Policies

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises were required to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company has transitioned from GAAP reporting and commenced reporting under IFRS, with restatement of comparative information presented. The conversion to IFRS from GAAP has not affected the Company's internal control over financial reporting and disclosure controls and procedures, but has affected and the Company's accounting policies, the Company's opening statement of financial position at the October 1, 2010 transition date, the statement of financial position as at September 30, 2011, and the statement of comprehensive loss for the six month period ended March 31, 2011.

The effects of the conversion and reconciliations to the prior periods restated from GAAP to IFRS are discussed in notes 2 and 14 to the Company's condensed interim financial statements for the period ended March 31, 2012. Changes in accounting policy requiring adjustments are highlighted below:

Exploration and Evaluation Assets

Under Canadian GAAP the Company's accounting policy required that acquisition costs of mineral properties, together with direct exploration and development expenses incurred thereon, be capitalized. Upon adoption of IFRS, the Company had to determine the accounting policy for exploration and evaluation assets. The Company could decide to apply the International Accounting Standards Board ("IASB") Framework which requires exploration expenditures to be expensed and allows capitalization of such expenditures only after the completion of a feasibility study, or could choose to keep the existing policy, if relevant and reliable.

The Company has decided to continue with its current accounting policy of capitalizing all exploration and evaluation expenditures.

Share-based Payments

IFRS and Canadian GAAP largely converge on the accounting treatment for share-based transactions. With respect to expiry of share-based compensation, under Canadian GAAP, the Company's policy was to leave the value recorded for expired stock options in reserves. Under IFRS, the Company has changed its policy whereby amounts recorded for expired stock options are transferred to retained earnings (deficit) on expiry. Details of the effects on the financial statements of prior periods are highlighted in Note 14 to the financial statements for the period ended March 31, 2012.

Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the Company accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146 "Flow-through Shares". At the time of issue, the funds received were recorded as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a future income tax liability with a charge directly to shareholders' equity. Also, under Canadian GAAP, the Company recorded any deferred tax recovery eligible to be recognized to offset the deferred tax charge to equity as a tax recovery in the statement of operations.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through tax liability. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability is reversed. To the extent that suitable deferred tax assets are available, the Company has reduced the deferred tax liability and recorded a deferred tax recovery.

Income Taxes

Like Canadian GAAP, deferred income taxes under IFRS are determined using the liability method for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and by generally applying tax rates applicable to the Company to such temporary differences. Deferred income taxes relating to temporary differences that are in equity are recognized in equity and under IFRS subsequent adjustments thereto are backward traced to equity.

IFRS prohibits recognition where deferred income taxes arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable net earnings. The Company expects the impact of implementing IAS 12, Income Taxes, will not have a significant impact on the financial statements. However, as events and circumstances of the Company's operations change that give rise to future income taxes, IAS 12 will be applied.

As the Company elects and approves the IFRS accounting policy for each of the areas above, management will determine and disclose the potential impact of the IFRS adoption at the transition date on its financial statements. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's financial statements will only be measured once all the IFRS applicable accounting standards at the conversion date are known.

The Company currently does not have any debt covenants, capital requirements, compensation arrangements, or material contracts that impact its current business activities that would affect the conversion to IFRS.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, investments, and 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 value of cash is determined using level one of the fair value hierarchy. The fair values of receivables and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments. Using level one of the fair value hierarchy, investments are adjusted to quoted market value at each reporting period.

(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.

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.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

OUTSTANDING SHARE DATA

As at March 31, 2012, the Company had 36,847,409 common shares outstanding.

At March 31, 2012, the Company had the following stock options outstanding:

Date of Grant	Amount	Exercise Price	Expiry Date	Type
May 18, 2010	300,000	$0.15	May 18, 2013	Consultant
Dec 29, 2010	1,475,000	$0.18	Dec. 29, 2015	Directors/Officers/Consultants
June 11, 2011	500,000	$0.18	June 10, 2016	Directors/Officers
TOTAL	**2,275,000**			

At March 31, 2012, the Company has 1,103,000 warrants outstanding, exercisable at $0.20 until September 21, 2012.

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:

Second Quarter Statement of Operations

	Three months ended March 31 2012	Three months ended March 31 2011 (Note 14)
EXPENSES		
Amortization	$ 106	$ 58
Corporate and administration fees	7,950	7,875
Management and financial fees	21,928	23,235
Office and miscellaneous	4,587	4,380
Professional fees	12,200	12,310
Public relations	1,699	6,438
Regulatory fees and transfer agent fees	13,484	14,729
Rent	1,918	7,020
Travel and related costs	-	115
Loss before other items	(63,872)	(76,160)
OTHER ITEMS		
Interest income	-	1,101
Unrealized gain (loss) on investments	(4,987)	3,667
	(4,987)	4,768
Loss and comprehensive loss for the period	$ (68,859)	$ (71,392)

SCHEDULE OF SHARE CAPITAL

As at the date of this Management Discussion & Analysis

Common Shares outstanding	36,847,409
Options outstanding	2,275,000
Warrants	1,103,000
Fully diluted share capital	40,225,409

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

"John Pallot"
President and Chief Executive Officer

Expressed in Canadian Dollars

	March 31 2012	September 30 2011 (Note 14)	October 1 2010 (Note 14)
ASSETS			
Current			
Cash	$ 162,069	$ 368,532	$ 751,831
Receivables (Note 3)	14,492	33,864	8,389
Prepaid expenses	1,977	1,800	2,194
	178,538	404,196	762,414
Equipment (Note 4)	1,275	542	775
Exploration and evaluation assets (Note 5)	1,987,667	1,839,110	941,363
Investments (Note 6)	5,803	9,708	10,053
	$ 2,173,283	$ 2,253,556	$ 1,714,605
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities (Note 7)	$ 69,972	$ 38,892	$ 40,879
Shareholders' Equity			
Share Capital (Note 8)	23,860,507	23,860,507	23,234,457
Reserves (Note 8)	257,000	255,800	117,800
Deficit	(22,014,196)	(21,901,643)	(21,678,531)
	2,103,311	2,214,664	1,673,726
	$ 2,173,283	$ 2,253,556	$ 1,714,605

Nature of operations and going concern (Note 1)

On behalf of the Board:

"John Pallot" Director

"Gary McDonald" Director

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

Expressed in Canadian Dollars

	Three months ended March 31		Six months ended March 31	
	2012	**2011** (Note 14)	**2012**	**2011** (Note 14)
EXPENSES				
Amortization	$ 106	$ 58	$ 147	$ 116
Corporate and administration fees	7,950	7,875	18,400	21,250
Management and financial fees	21,928	23,235	41,798	44,444
Office and miscellaneous	4,587	4,380	7,407	7,815
Professional fees	12,200	12,310	15,200	12,310
Property investigation costs	-	-	1,200	13,749
Public relations	1,699	6,438	5,228	9,236
Regulatory fees and transfer agent fees	13,484	14,729	15,446	16,855
Rent	1,918	7,020	3,837	14,040
Share-based compensation (Note 8)	-	-	-	177,000
Travel and related costs	-	115	-	2,533
Loss before other items	(63,872)	(76,160)	(108,663)	(319,348)
OTHER ITEMS				
Interest income	-	1,101	15	2,445
Unrealized gain (loss) on investments	(4,987)	3,667	(3,905)	9,395
	(4,987)	4,768	(3,890)	11,840
Loss before taxes	(68,859)	(71,392)	(112,553)	(307,508)
Deferred tax recovery	-	125,000	-	152,000
Loss and comprehensive loss for the period	$ (68,859)	$ (71,392)	$ (112,553)	$ (155,508)
Basic and diluted earnings per common share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding during the period	36,847,409	36,127,409	36,847,409	33,799,178

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

Expressed in Canadian Dollars

	Common Shares Number	Common Shares $	Share-based Payments Reserve	Deficit	Total (Note 14)
Balance at October 1, 2010	31,802,909	$ 23,234,457	$ 117,800	$(21,678,531)	$ 1,673,726
Private placement	5,044,500	908,900	-	-	908,900
Share issue costs	-	(130,850)	-	-	(130,850)
Share-based payments for services	-	-	5,400	-	5,400
Premium on flow-through shares	-	(152,000)	-	-	(152,000)
Stock-based compensation	-	-	177,000	-	177,000
Expiry of options	-	-	(78,000)	78,000	-
Loss for the period	-	-	-	(155,508)	(155,508)
Balance at March 31, 2011	36,847,409	23,860,507	222,200	(21,756,039)	2,326,668
Share-based payments for services	-	-	3,600		3,600
Stock-based compensation	-	-	65,000		65,000
Expiry of options	-	-	(35,000)	35,000	-
Loss for the period	-	-	-	(180,604)	(180,604)
Balance at September 30, 2011	36,847,409	23,860,507	255,800	(21,901,643)	2,214,664
Share-based payments for services	-	-	1,200	-	1,200
Loss for the period	-	-	-	(112,553)	(112,553)
Balance at March 31, 2012	36,847,409	$ 23,860,507	$ 257,000	$(22,014,196)	$ 2,103,311

WINDARRA MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
Unaudited – Prepared by Management
Expressed in Canadian Dollars

	Six Months Ended March 31 2012	Six Months Ended March 31 2011 (Note 14)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (112,553)	$ (155,508)
Items not affecting cash:		
Amortization	147	116
Fair value of property investigation cost warrants	1,200	5,400
Share-based compensation	-	177,000
Unrealized loss (gain) on investments	3,905	(9,395)
Deferred income tax recovery	-	(152,000)
Changes in non-cash working capital items:		
Decrease (increase) in receivables	19,372	(104,535)
Decrease (increase) in prepaid expenses and deposits	(177)	212
Increase in accounts payable and accrued liabilities	17,503	24,744
Net cash used in operating activities	(70,603)	(213,966)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(880)	-
Exploration and evaluation assets	(134,980)	(664,650)
Net cash provided by investing activities	(135,860)	(664,650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	-	908,900
Share issue costs	-	(130,850)
Net cash provided by financing activities	-	778,050
Change in cash during the period	(206,463)	(100,566)
Cash, beginning of period	368,532	751,831
Cash, end of period	$ 162,069	$ 651,265

Supplemental disclosure with respect to cash flows (Note 11)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the laws of British Columbia on November 13, 1979 and its principal business activities include the acquisition and exploration of mineral properties. The Company trades on the TSX Venture Exchange under the trading symbol “WRA”. The head office, registered address and records office of the Company are located at 300 - 1055 West Hastings St., Vancouver, BC, V6E 2E9.

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.

The Company estimates that it will not require additional working capital during the upcoming year.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and conversion to International Financial Reporting Standards

These condensed interim financial statements of the Company, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Statement of compliance and conversion to International Financial Reporting Standards (cont'd)

The preparation of these condensed interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian Generally Accepted Accounting Principles ("GAAP"). The accounting policies set out below have been applied consistently to all periods presented in the interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at October 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"). Details of the impact of the transition to IFRS on the reported financial position, financial performance and cash flows of the Company are provided in Note 14.

These condensed interim financial statements were authorized by the audit committee and board of directors of the Company on May 25, 2012.

Basis of presentation

The condensed interim financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out below. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these condensed interim financial statements are in accordance with IFRS and have not been audited.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim financial statements do not include all of the information required for full annual financial statements.

Use of estimates

The preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS") 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: carrying value of exploration and evaluation assets, share-based compensation and deferred income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's cash and equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2012, the Company has classified its investments as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At March 31, 2012, the Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Decommissioning liabilities

The Company's asset retirement obligation policy requires recognition of a legal liability for obligations relating to retirement of equipment and mineral properties, 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. At March 31, 2012 and September 30, 2011, the Company had no significant decommissioning liabilities.

Deferred income taxes

Deferred 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.

Flow-through common shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. For those options that expire after vesting, the recorded value is transferred to the deficit.

Earnings 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 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 period. For the periods presented, this calculation was anti-dilutive. Earnings per share is calculated using the weighted-average number of common shares outstanding during the period.

Recent Accounting Pronouncements

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2013.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Expressed in Canadian Dollars

3. RECEIVABLES

	March 31 2012	September 30 2011	October 1 2010
Trade receivable	$ 35	$ 20	$ 69
Accrued interest receivable	-	-	7,454
Harmonized sale tax receivable	14,457	33,844	866
	$ 14,492	$ 33,864	$ 8,389

4. EQUIPMENT

	Computer Equipment		
	March 31 2012	September 30 2011	October 1 2010
Cost:			
Opening balance	$ 7,388	$ 7,388	$ 7,388
Additions during the period	880	-	-
Closing balance	8,268	7,388	7,388
Accumulated amortization:			
Opening balance	6,846	6,613	6,613
Amortization for the period	147	233	-
Closing balance	6,993	6,846	6,613
Net book value	$ 1,275	$ 542	$ 775

Expressed in Canadian Dollars

5. EXPLORATION AND EVALUATION ASSETS

	Pukaskwa Claims, Ontario	Mishi Property, Ontario	Other Properties	March 2012 Total
Balance, beginning of period	$ 851,600	$ 987,508	$ 2	$ 1,839,110
Additions during the period				
Acquisition	-	-	29,830	29,830
Assay costs	-	50,532	-	50,532
Camp costs	-	6,493	-	6,493
Drilling	-	161	-	161
Equipment rental	-	3,043	-	3,043
Geology	-	51,093	-	51,093
Lease rentals	-	2,370	-	2,370
Travel and helicopter	-	5,034	-	5,034
	-	118,727	29,830	148,557
Balance, March 31, 2012	$ 851,600	$1,106,235	$ 29,832	$ 1,987,667

	Pukaskwa Claims, Ontario	Mishi Property, Ontario	Other Properties	September 2011 Total
Balance, October 1, 2010	$ 851,600	$ 89,761	$ 2	$ 941,363
Additions during the year:				
Assay costs	-	58,393	-	58,393
Camp costs	-	192,274	-	192,274
Drilling	-	319,040	-	319,040
Equipment rental	-	2,419	-	2,419
Geology	-	144,429	-	144,429
Lease rentals	-	2,389	-	2,389
Linecutting	-	64,070	-	64,070
Surveys	-	103,948	-	103,948
Travel and helicopter	-	10,786	-	10,786
	-	897,747	-	897,747
Balance, September 30, 2011	$ 851,600	$ 987,508	$ 2	$ 1,839,110

5. EXPLORATION AND EVALUATION ASSETS (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 Royalty Interest, Ontario

The Company has a 1% net smelter returns royalty ("NSR") on production from certain mineral claims owned by Wesdome Gold Mines Ltd. ("Wesdome") in the Sault Ste. Marie mining division of Ontario.

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 of $1. The Company has not been required to contribute to field geology and surface drilling costs incurred during the year ended September 30, 2010 nor the period ended March 31, 2012.

Milling Rights - Magnacon

The Company is entitled to have Wesdome mill up to 50,000 tonnes annually of its ore from any source at a cost equal to the production cost of such milling plus $2.00 per tonne of ore milled.

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Pukaskwa Claims, Ontario

During the year ended September 30, 2009, the Company granted an option to earn-in up to a 60% undivided working interest in its Pukaskwa Claims. In return, the optionee made an initial cash payment of $25,000 and has agreed to expend an aggregate of $3,000,000 in exploration and development expenses on the claims over a five year period ending June 30, 2014. Once the optionee has earned the 60% interest, the optionee and the Company will be deemed to have formed a joint venture.

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. These claims were previously written down and are carried in the accounts at a nominal value of $1. During the period ended March 31, 2012, the Company purchased an additional 50% interest in the property for a cash payment of $25,000, bringing its interest to 70%.

Tulks South, Newfoundland

During the year ended September 30, 2002, the Company, pursuant to an assignment agreement, was granted a 2% NSR on the share of production of Messina Minerals Inc. (“Messina”), a company related by way of common directors, 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 Property, Ontario

The Company owns a 100% interest in two mining leases in the Sault Ste. Marie Division in Ontario known as the Mishi leases as well as a royalty in respect of ore mined and milled from a third lease owned by Wesdome. The royalty interest provides for payment to the Company of $1.00 per tonne for milled ore extracted from open pit mining and $2.00 per tonne for milled ore mined from underground in excess of a cumulative total of 700,000 tonnes milled.

Expressed in Canadian Dollars

6. INVESTMENTS

Investments consist of shares in publicly traded companies valued at the market price as published in the TSX Venture Exchange daily market summary.

	March 31 2012	September 30 2011	October 1 2010
Fair value	$ 5,803	$ 9,708	$ 10,053
Cost	$ 25,105	$ 25,105	$ 25,105

Included in investments at March 31, 2012 and September 30, 2011 are 105,042 common shares of Messina Mineral Inc. with a market value of $4,727 (September 30, 2011 – $7,878; October 1, 2010 - $8,403).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31 2012	September 30 2011	October 1 2010
Trade payables	$ 40,848	$ 12,392	$ 5,891
Accrued liabilities	29,124	26,500	34,988
	$ 69,972	$ 38,892	$ 40,879

Expressed in Canadian Dollars

8. SHARE CAPITAL AND RESERVES

Authorized: Unlimited common shares without par value

Issued: 36,847,409 common shares without par value

During the year ended September 30, 2011, the Company closed a brokered private placement consisting of 3,044,500 flow-through shares at a price of $0.20 per share and 2,000,000 non-flow-through shares at a price of $0.15 per share for total net proceeds of $778,050.

Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2012 and September 30, 2011	1,103,000	$ 0.20

At March 31, 2012 and September 30, 2011,, the Company had 1,103,000 common share purchase warrants outstanding, exercisable into one common share at a price of $0.20 until September 21, 2012.

Stock options

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. Stock options expire 90 days subsequent to termination.

Following is a summary of stock options outstanding at March 31, 2012 and September 30, 2011:

Number of Shares	Exercise Price	Expiry Date
300,000	$ 0.15	May 18, 2013
1,475,000	$ 0.18	December 29, 2015
500,000	$ 0.18	June 10, 2016
2,275,000		

Expressed in Canadian Dollars

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

Stock options (cont'd)

Stock option transactions for the year are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2010	1,775,000	$ 0.16
Options expired	(1,475,000)	$ 0.16
Options issued	1,975,000	$ 0.18
Balance, March 31, 2012 and September 30, 2011	2,275,000	$ 0.18
Number of options currently exercisable	2,275,000	$ 0.18

Share-based compensation

During the year ended September 30, 2011, the Company issued 1,475,000 stock options with a fair value of $0.12 per option and 500,000 stock options with a fair value of $0.13 per option for a total value of $242,000 to directors, officers and consultants which was expensed to share-based compensation during the year. The options are exercisable at a price of $0.18 per share for a period of five years.

During the year ended September 30, 2010, the Company issued 300,000 stock options to a consultant. The options are exercisable at a price of $0.15 per share for a period of three years with 60,000 options vested on issuance, and 60,000 vesting each six months thereafter during the term of the agreement. During the period ended March 31, 2012, 60,000 (2011 – 60,000) options vested with an average fair value of $0.02 per option for a total value of $1,200 (2011 - $5,400) which was expensed as property investigation costs. The agreement may be terminated by either party on one month's notice.

The fair value of stock options issued was estimated on the grant date using the Black-Sholes option-pricing model. The weighted average assumptions used in the calculation of fair value are as follows for the periods ended:

	March 31 2012	September 30 2011
Risk-free interest rate	0.91%	2.36%
Expected life of options	1.5 years	5 years
Estimated annualized volatility	50%	104%
Dividend rate	0%	0%

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the period ended March 31, 2012:

a) paid or accrued corporate and administration fees of $15,900 to an officer of the Company (2011 - $16,750);

b) paid or accrued management fees of $34,800 to an officer and director of the Company (2011 - $34,500);

c) paid or accrued geological consulting fees of $50,994 (2011 - $157,111) to a director of the Company, $50,994 (2011 - $148,762) of which is included in exploration and evaluation assets;

d) paid directors' fees in the amount of $2,500 (2011 - $4,500) included in corporate and administration fees.

Included in accounts payable at March 31, 2012 is $27,645 (September 30, 2011 - $749) owing to officers and directors of the Company.

As at March 31, 2012 and September 30, 2011, the Company held 105,042 shares of Messina Minerals Inc., a company related by virtue of common directors, with a market value of $4,727 (September 30, 2011 - $7,878).

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.

10. SEGMENTED INFORMATION

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

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended March 31, 2012, the Company had the following significant non-cash transactions:

a) expensed $1,200 (2011 - $5,400) as property investigation costs relating to the fair value of 60,000 (2011 - 60,000) stock options which vested during the period;
b) incurred accounts payable for exploration and evaluation assets of $24,599 (September 30, 2011 - $nil).

The Company did not pay cash for interest expense or income taxes in the periods ended March 31, 2012 and 2011.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, investments, and 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 value of cash is determined using level one of the fair value hierarchy. The fair values of receivables and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments. Using level one of the fair value hierarchy, investments are adjusted to quoted market value at each reporting period.

(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.

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

Fair Values (cont'd)

(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.

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. The Company maintains its cash in financial institutions of reputable credit and may be redeemed upon demand.

The carrying amounts of financial assets represent the maximum credit exposure.

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. The Company is nominally exposed to interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

13. CAPITAL MANAGEMENT

The Company defines its capital that it manages as cash, term deposits and equity, consisting of issued common shares, stock options and warrants. 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. The Company does not have any externally imposed capital requirements.

14. TRANSITION TO IFRS

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these financial statements, making them the first interim financial statements of the Company under IFRS. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", October 1, 2011 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

– IFRS 2 "Share-based Payment" has not been applied to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to October 1, 2010, which have been accounted for in accordance with IFRS.

14. TRANSITION TO IFRS (cont'd)

IFRS Mandatory Exceptions

Estimates

Hindsight is not used to create or revise estimates. In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of October 1, 2010, are consistent with its Canadian GAAP estimates for the same date.

Notes to the reconciliations

(a) Expiry of share-based compensation

Under Canadian GAAP, the Company's policy was to leave the value recorded for expired unexercised stock options in contributed surplus. Under IFRS, the Company has changed its policy whereby amounts recorded for expired stock options are transferred to deficit on expiry.

(b) Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the Company accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146 "Flow-through Shares". At the time of issue, the funds received were recorded as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a future income tax liability with a charge directly to shareholders' equity. Also, under Canadian GAAP, the Company recorded any deferred tax recovery eligible to be recognized to offset the deferred tax charge to equity as a tax recovery in the statement of operations.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through tax liability. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability is reversed. To the extent that suitable deferred tax assets are available, the Company has reduced the deferred tax liability and recorded a deferred tax recovery.

Expressed in Canadian Dollars

14. TRANSITION TO IFRS (cont'd)

Reconciliation of assets, liabilities and equity at October 1, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets		$ 762,414	$ -	$ 762,414
Exploration and evaluation assets		941,363	-	941,363
Other assets		10,828	-	10,828
		$ 1,714,605	$ -	$ 1,714,605
Liabilities and shareholders' equity				
Current liabilities		$ 40,879	-	40,879
Share capital		23,234,457	-	23,234,457
Reserves	(a)	199,223	(81,423)	117,800
Deficit	(a)	(21,759,954)	81,423	(21,678,531)
		$ 1,714,605	$ -	$ 1,714,605

Reconciliation of assets, liabilities and equity at March 31, 2011

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets		$ 766,171	$ -	$ 766,171
Exploration and evaluation assets		1,790,266		1,790,266
Other assets		20,107	-	20,107
		$ 2,576,544	$ -	$ 2,576,544
Liabilities and shareholders' equity				
Current liabilities		$ 249,876	$ -	$ 249,876
Share capital	(b)	24,012,507	(152,000)	23,860,507
Reserves	(a)	381,623	(159,423)	222,200
Deficit	(b)	(22,067,462)	152,000	(21,756,039)
	(a)		159,423	
		$ 2,576,544	$ -	$ 2,576,544

Expressed in Canadian Dollars

14. TRANSITION TO IFRS (cont'd)

Reconciliation of assets, liabilities and equity at September 30, 2011

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets		$ 404,196	$ -	$ 404,196
Exploration and evaluation assets		1,839,110	-	1,839,110
Other assets		10,250	-	10,250
		$ 2,253,556	$ -	$ 2,253,556
Liabilities and shareholders' equity				
Current liabilities		$ 38,892	$ -	$ 38,892
Share capital		23,860,507	-	23,860,507
Reserves	(a)	450,223	(194,423)	255,800
Deficit	(a)	(22,096,066)	194,423	(21,901,643)
		$ 2,253,556	$ -	$ 2,253,556

Reconciliation of comprehensive loss for the six months ended March 31, 2011

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses		$ (319,348)	$ -	$ (319,348)
Other items		11,840	-	11,840
Loss before income taxes		(307,508)	-	(307,508)
Deferred tax recovery	(b)	-	152,000	152,000
Loss and comprehensive loss for the period		$ (307,508)	$ 152,000	$ (155,508)

There were no differences between the statements of comprehensive loss under GAAP and IFRS for the year ended September 30, 2011.

Expressed in Canadian Dollars

14. TRANSITION TO IFRS (cont'd)

Reconciliation of cash flows for the six months ended March 31, 2011

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Loss for the period	(b)	$ (307,508)	$ 152,000	$ (155,508)
Items not affecting cash:				
Deferred tax recovery	(b)	-	(152,000)	(152,000)
Other		173,121	-	173,121
Changes in non-cash working capital items:		(79,579)	-	(79,579)
Net cash used in operating activities		(213,966)	-	(213,966)
Net cash used in investing activities		(664,650)	-	(664,650)
Net cash provided by financing activities		778,050	-	778,050
Change in cash during the period		(100,566)	-	(100,566)
Cash, beginning of period		751,831	-	751,831
Cash, end of period		$ 651,265	$ -	$ 651,265

There were no differences between the statements of cash flows under GAAP and IFRS for the year ended September 30, 2011.

CORPORATE DATA
MAY 2012

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CAPITALIZATION

Authorized:	Unlimited
Issued:	36,847,409
Options:	2,275,000
Warrants	1,103,000

LISTINGS

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