

WINDARRA MINERALS LTD.

**Second Quarter Report
March 31, 2008**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 30, 2008

This Management Discussion and Analysis is provided for the purpose of reviewing the second quarter ended March 31, 2008 and comparing results to the previous period. The MD & A should be read in conjunction with the Company's unaudited interim consolidated financial statements and corresponding notes for the periods ending March 31, 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 subsidiary, Westward Explorations Ltd. ("Westward") and up until 2002, Messina Minerals Inc. (formerly Mishibishu Gold Corporation). Subsequent to March 31, 2008, Westward will no longer be a subsidiary of the Company as a result of transactions outlined below.

In April 2008, Westward completed a private placement of 40,000,000 units at \$0.05 per unit. As well, Windarra sold 13,000,000 shares of Westward in a private sale. As a result of these transactions, Windarra owns less than 1% of the outstanding shares of Westward.

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 previous fiscal year, 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 for the period ended March 31, 2008 was \$313,923 (2007-\$125,940). This increase is largely due to a \$121,750 charge for stock-based compensation in the current period, as opposed to \$Nil in the period ended March 31, 2007.

During the year ended September 30, 2006, the Company recorded an income tax reassessment in the amount of \$920,754 as a result of reassessment of Westward's 1995 tax return. During the period ended September 30, 2007, Westward filed and had approved a Proposal under the Bankruptcy Act. Under the terms of the Proposal, Westward will pay a total of \$812,500 in settlement of accounts payable of \$122,872 and amounts totaling \$999,434 owed to Canada Revenue Agency. Initial payments of \$292,500 have been made and the remaining \$520,000 is to be paid in annual instalments of \$130,000 due no later than March 31st of each year from 2009 to 2012.

RESULTS OF OPERATIONS

The Company incurred \$6,664 in expenses on its Pukaskwa claims during the period ended March 31, 2008 (year ended 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 (formerly River Gold Ltd.) Eagle River Mine, which has produced over 700,000 ounces of gold since 1995. The property also lies less than 20 km west-southwest of three contiguous and high prospective properties in which Windarra holds an interest. These are, from west to east, Windarra's Mishi leases (100% owned, see below), the past-producing Magnacon mine (40,000 ounces from 265,000 tons; Windarra and Westward are equal partners in what was an original 25% interest), and the Magnacon joint venture property (25% Windarra, 75% Wesdome). The Pukaskwa property consists of 55 contiguous unpatented mining claims which follow the east-northeast to west-southwest trending Mishibishu deformation zone for more than 12 kilometres. The deformation zone hosts many vein gold occurrences and showings, including the Mishi and Magnacon deposits, and it transects much of the length of the Mishibishu greenstone belt, an east-west trending belt of greenschist to amphibolite grade Archean volcanic and associated sedimentary rocks that are considered to be the western equivalent of the prolific Abitibi greenstone belt, west of the Kapuskasing structural zone.

Gold was identified within quartz veins that are hosted by Archean age rocks at the Pukaskwa property during exploration in the wake of the discovery of the Hemlo gold deposits in the early 1980's. The Hemlo deposits have produced approximately 20 million ounces Au since their discovery and are located only 80 kilometers to the north of the Pukaskwa property. Following significant exploration efforts in the 1980's and 1990's, when a host of gold occurrences, including the Champagne Vein and West Aardvark

occurrence were discovered, little work was undertaken on the Pukaskwa property until the fall of 2004, when a new gold occurrence 0.5 kilometres southwest of the West Aardvark occurrence and 5 kilometres east of the Champagne vein was discovered. The new discovery, now known as the Bonanza-Grade zone, yielded values far in excess of previous discoveries on the property, and the new discovery renewed interest in the property. Following the discovery, the Company undertook further prospecting programs in the vicinity of the Bonanza-Grade zone, then established a 2 km x 1 km cut grid in the area. In 2005 soil geochemical samples were collected on the grid and compiled with soil geochem data from previous programs, and in 2006 magnetometer and induced polarization (IP) geophysical surveys were run on the grid, in conjunction with an extensive trenching program. In the course of this work an exciting new occurrence known as the Middle Finger Lake zone was discovered. Because of its size potential, with good gold grades over significant widths, and extensive coincident soil geochemical and IP chargeability anomalies, the Middle Finger Lake zone became the target for the 2007 diamond drilling program.

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

Mishi Properties

During the first quarter, 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.

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

Magnacon Properties

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

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

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

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

CRA Tax Case

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

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

Under the terms of the Proposal, Westward will pay a total of \$812,500 in settlement of debts to General Creditors of \$1,122,306 which includes \$999,434 owed to CRA. At March 31, 2008, \$292,500 has been paid under the terms of the proposal. The remaining \$520,000 is to be paid in annual instalments of \$130,000 due no later than March 31st of each year from 2009 to 2012.

Exploration Financing

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

Financings	Proposed Use of Proceeds	Actual Use of Proceeds to March 31, 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	\$487,000 for property exploration on the Pukaskwa Property \$150,000 for working capital	\$248,000 on Pukaskwa property

SUMMARY OF QUARTERLY RESULTS

QUARTER ENDING	Mar. 31 2008	Dec. 31 2007	Sept. 30 2007	June 30 2007	Mar. 31 2007	Dec. 31 2006	Sept. 30 2006	June 30 2006
Loss for the period	\$ 121,200	\$(192,723)	\$(538,972)	\$(104,255)	\$ (79,381)	\$ (46,559)	\$ (33,060)	\$(72,464)
Earnings (Loss) Per Share	\$ 0.00	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ 0.00	\$ 0.00	\$ 0.00	\$(0.04)

The loss for the second quarter 2008 is \$121,000 compared to a loss of \$79,381 for the second quarter 2007. The majority of this difference is attributable to increased professional, management and regulatory fees relating to property acquisition in Windarra and share transactions with respect to Westward.

LIQUIDITY AND CAPITAL RESOURCES

There is a working capital deficiency of \$255,430 at March 31, 2008 as compared to \$29,679 at September 30, 2007. The deficiency has increased in part because of the inclusion of \$130,000 loan payable in current liabilities which was repaid out of private placement proceeds subsequent to the period end. The Company's working capital situation has been fairly stable and has been determined by its ability to offset expenses against gains obtained through the continued divestment of investments. During the year 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 is comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.25 for a period of two years.

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 period ended March 31, 2008:

- a) paid or accrued corporate and administration fees of \$19,386 to Susan Tessman, Corporate Secretary of the Company;
- b) paid or accrued management fees of \$26,975 to John Pallot, President of the Company;
- c) paid or accrued geological consulting fees included in mineral property and exploration costs of \$2,987 to Charlie Greig, a director of the Company.

Included in accounts payable at March 31, 2008 is \$2,124 owing to officers and directors of Company.

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

CHANGE IN ACCOUNTING POLICIES

Recently Adopted Accounting Policies

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

Assessing Going Concern

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

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 of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

MANAGEMENT'S REPORT ON 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 March 31, 2008 the Company had 30,699,909 shares outstanding. During the period, the Company issued 400,000 shares pursuant to its acquisition agreement for the Mishi leases.

During the first fiscal quarter, the Company granted 975,000 options exercisable at \$0.15 for a period of three years. Also, 100,000 options exercisable at \$0.32 expired. Westward granted 875,000 stock options exercisable at \$0.10 per share for a period of 3 years. At March 31, 2008, the Company had the following stock options outstanding:

Date of Grant	Amount	Exercise Price	Expiry Date	Type
May 2, 2005	200,000	\$0.20	May 2, 2008	Director
June 8, 2005	200,000	\$0.23	June 8, 2008	Director
Nov. 2, 2007	950,000	\$0.15	Nov. 2, 2010	Director
Nov. 13, 2007	25,000	\$0.15	Nov. 13, 2010	Consultant
TOTAL	1,375,000			

Subsequent to the period end, 200,000 options exercisable at \$0.20 expired. Also subsequent to the period end, the Company granted 500,000 options exercisable at \$0.17 for a period of three years.

At the end of the period, the Company had the following warrants outstanding:

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

ADDITIONAL INFORMATION

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

ADDITIONAL INFORMATION FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE:

SECOND QUARTER STATEMENT OF OPERATIONS

	Three Months Ended	
	March 31	
	2008	2007
EXPENSES		
Amortization	\$ 259	\$ 256
Corporate and administration fees	9,950	8,550
Management and financial fees	16,131	12,430
Office and miscellaneous	4,298	5,484
Professional fees	26,493	10,625
Public relations	2,150	427
Regulatory fees and transfer agent fees	32,505	21,534
Rent	7,280	7,001
Stock-based compensation	-	-
Travel and related costs	2,377	1,628
Loss before other items	\$ 101,443	\$ 67,935

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

SCHEDULE OF SHARE CAPITAL

As at the date of this Management Discussion & Analysis

Common Shares outstanding	30,699,909
Options outstanding	1,675,000
Warrants outstanding	2,825,000
Fully diluted share capital	35,199,909

WINDARRA MINERALS LTD.

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

WINDARRA MINERALS LTD.
CONSOLIDATED BALANCE SHEETS
Unaudited
Prepared by Management

	March 31 2008	September 30 2007
ASSETS		
Current		
Cash	\$ 93,503	\$ 196,086
Receivables	10,929	22,600
Prepaid expenses	2,400	2,400
	<u>106,832</u>	<u>221,086</u>
Equipment (Note 3)	3,595	2,775
Mineral properties & deferred exploration costs (Note 4)	915,414	860,750
Investment in partnership (Note 5)	100	100
Marketable securities (Note 6)	43,438	88,746
	<u>\$ 1,069,379</u>	<u>\$ 1,173,457</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 102,262	\$ 61,407
Loan payable (Note 7)	130,000	-
Current portion of income taxes payable and other	130,000	130,000
	<u>362,262</u>	<u>191,407</u>
Income taxes payable and other (Note 9)	699,806	829,806
	<u>1,062,068</u>	<u>1,021,213</u>
Shareholders' Equity		
Capital stock (Note 10)	23,096,226	23,048,986
Contributed surplus (Note 10)	294,373	172,623
Deficit	(23,383,288)	(23,069,365)
	<u>7,311</u>	<u>152,244</u>
	<u>\$ 1,069,379</u>	<u>\$ 1,173,457</u>

Nature and continuance of operations (Note 1)
Contingency (Note 16)
Subsequent events (Note 17)

On behalf of the Board:

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

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

WINDARRA MINERALS LTD.**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**

Unaudited

Prepared by Management

	Three Months Ended March 31		Six Months Ended March 31	
	2008	2007	2008	2007
EXPENSES				
Amortization	\$ 259	\$ 256	\$ 517	\$ 511
Corporate and administration fees	9,950	8,550	20,019	18,020
Management and financial fees	16,131	12,430	33,828	24,305
Office and miscellaneous	4,298	5,484	8,880	11,672
Professional fees	26,493	10,625	26,943	13,025
Public relations	2,150	427	5,168	4,607
Regulatory fees and transfer agent fees	32,505	21,534	35,235	24,461
Rent	7,280	7,001	14,466	13,577
Stock-based compensation	-	-	121,750	-
Travel and related costs	2,377	1,628	3,746	1,890
Loss before other items	(101,443)	(67,935)	(270,552)	(112,068)
OTHER ITEMS				
Interest income	701	103	1,937	201
Unrealized loss on marketable securities	(20,458)	57,759	(45,308)	55,900
Reversal of unrealized gain on marketable securities	-	(64,350)	-	(108,750)
Gain on sale of marketable securities (Note 6)	-	73,723	-	117,458
Canada Revenue Agency judgment costs	-	(78,681)	-	(78,681)
	(19,757)	(11,446)	(43,371)	(13,872)
Loss for the period	(121,200)	(79,381)	(313,923)	(125,940)
Deficit, beginning of period	(23,262,088)	(22,428,757)	(23,069,365)	(22,617,196)
Fair value adjustment on marketable securities (Note 2)	-	-	-	234,998
	(23,262,088)	(22,428,757)	(23,069,365)	(22,382,198)
Deficit, end of period	\$ (23,383,288)	\$ (22,508,138)	\$ (23,383,288)	\$ (22,508,138)
Basic and diluted loss per common share	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00
Weighted average number of common shares outstanding during the period	30,453,755	26,121,909	30,376,412	26,121,909

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

WINDARRA MINERALS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED DECEMBER 31
Unaudited
Prepared by Management

	Three Months Ended March 31		Six Months Ended March 31	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (121,200)	\$ (79,381)	\$ (313,923)	\$ (125,940)
Items not affecting cash:				
Amortization	259	256	517	511
Stock-based compensation	-	-	121,750	-
Unrealized loss on marketable securities	20,458	(57,759)	45,308	(55,900)
Reversal of unrealized gain on marketable securities	-	64,350	-	108,750
Gain on sale of marketable securities	-	(73,723)	-	(117,458)
Canada Revenue Agency judgment costs	-	78,681	-	78,681
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(4,445)	(11,889)	11,671	18,628
Decrease in prepaid expenses	-	8,168	-	(10)
Increase(decrease) in accounts payable and accrued liabilities	45,702	(16,871)	39,428	(20,201)
Net cash used in operating activities	(59,226)	(88,168)	(95,249)	(112,939)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	-	-	(1,338)	-
Mineral properties and deferred exploration costs	(2,295)	3,170	(5,236)	(25,333)
Proceeds from sale of marketable securities	-	87,373	-	141,008
Net cash used in investing activities	(2,295)	90,543	(6,574)	115,675
CASH FLOWS FROM FINANCING ACTIVITIES				
Share issue costs	(760)	-	(760)	-
Net cash used in financing activities	(760)	-	(760)	-
Change in cash during the period	(62,281)	2,375	(102,583)	2,736
Cash, beginning of period	155,784	10,774	196,086	10,413
Cash, end of period	\$ 93,503	\$ 13,149	\$ 93,503	\$ 13,149

Supplemental disclosure with respect to cash flows (Note 13)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

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

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future and to fulfill the provisions of subsidiary company's bankruptcy proposal approved by the courts. (See Note 9.)

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

2. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year or the preceding period. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's audited financial statements as at and for the year ended September 30, 2007. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

2. BASIS OF PRESENTATION (cont'd)

Recently Adopted Accounting Policies

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

Assessing Going Concern

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

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*. (Note 14)

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. (Note 14)

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

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

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2. BASIS OF PRESENTATION (cont'd)

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. (Note 15.)

3. EQUIPMENT

	March 31 2008			September 30 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 14,952	\$ 11,357	\$ 3,595	\$ 13,615	\$ 10,840	\$ 2,775

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4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	March 31, 2008			Total
	Pukaskwa Claims, Ontario	Mishi Property, Ontario	Magnacon Claims, Ontario	
Balance, beginning of period	\$ 860,749	\$ -	\$ 1	\$ 860,750
Additions during the period				
Acquisition	-	48,000	-	48,000
Assay costs	1,241	-	-	1,241
Camp costs	167	-	-	167
Drilling	-	-	-	-
Equipment	-	-	-	-
Geology	3,056	-	-	3,056
Lease rentals	2,200	-	-	2,200
Travel and helicopter	-	-	-	-
	6,664	48,000	-	54,664
Balance, end of period	\$ 867,413	\$ 48,000	\$ 1	\$ 915,414

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

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

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

Magnacon Claims, Ontario

The Company holds a 25% interest in certain freehold patented and leasehold patented claims situated in the Sault Ste. Marie Mining Division, Ontario. The operator on the claims has advised the Company that the Company's interest in these mineral claims has been diluted to 22.2% as a result of non-payment of the Company's share of exploration expenditures since January 1, 2004, in an amount of approximately \$340,000, an amount for which no provision has been made in the accounts of the Company as at March 31, 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 March 31, 2008, but may be required to contribute its proportionate share of the expenses in future work programs. At September 30, 2007, the Company wrote down its interest in these claims to a nominal value.

Pukaskwa Claims, Ontario

During the year ended September 30, 2004, the Company entered into an option agreement with Messina Minerals Inc. ("Messina"), a company related by way of common directors, to acquire a 100% interest in certain mineral claims in the Sault Ste. Marie Mining Division, Ontario. The Company has issued a total of 350,000 (2006 – 225,000) common shares at a value of \$67,875 (2007 - \$45,375). During the year ended September 30, 2007, the Company satisfied all of the requirements of the Pukaskwa Property Agreement and exercised the option and earned 100% interest in the property from Messina.

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

Tulks South, Newfoundland

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

Mishi Leases, Ontario

During the period ended March 31, 2008, the Company acquired 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.

The Company has issued a total of 400,000 common shares of its capital stock valued at \$48,000 in consideration for this acquisition.

5. INVESTMENT IN PARTNERSHIP

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

No cash distributions were received by the Company in the period ended March 31, 2008 nor in the year ended September 30, 2007.

6. MARKETABLE SECURITIES

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

	March 31 2008	September 30 2007
Fair value	\$ 43,438	\$ 88,746
Cost	\$ 25,105	\$ 25,105

Included in marketable securities at March 31, 2008 are 105,042 (September 30, 2007 - 105,042) shares of Messina with a market value of \$36,765 (September 30, 2007 - \$79,832).

7. LOAN PAYABLE

The loan payable is non-interest bearing and will be paid out of proceeds of a private placement closing subsequent to the period end (Note 17).

8. PAYABLE TO CANADA REVENUE AGENCY

Westward's 1995 corporate income tax return was reassessed in May 2000 and the Company filed notice of appeal with the Tax Court of Canada at that time. The appeal was partially allowed, and a judgment received from the Court in February 2006. As a result of this judgment, Westward has a liability representing taxes, accrued interest and a portion of the CRA legal costs of \$999,434. Interest has been calculated at the CRA prescribed interest rate. This amount was included in the bankruptcy proposal filed by Westward and is included in income taxes payable and other at December 31, 2007. (See Note 9.)

9. INCOME TAXES PAYABLE AND OTHER

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

- a) \$12,500 upon filing of the proposal (paid);
- b) \$150,000 no later than thirty days from implementation date (paid);
- c) 130,000 no later than March 31, 2008 (paid);
- d) 130,000 no later than March 31, 2009;
- e) 130,000 no later than March 31, 2010;
- f) 130,000 no later than March 31, 2011;
- g) 130,000 no later than March 31, 2012.

At March 31, 2008 and September 30, 2007, the remaining amount owing is shown on the balance sheet as follows:

	March 31 2008	September 30 2007
Income taxes payable and other	\$ 699,806	\$ 829,806
Current portion of long term liabilities	130,000	130,000
	<u>\$ 829,806</u>	<u>\$ 959,806</u>

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

10. 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	-	-	121,750
Balance at March 31, 2008	30,699,909	23,096,226	294,373

During the period ended March 31, 2008, the Company issued 400,000 common shares as part of the Mishi lease acquisition (Note 4) at a value of \$48,000.

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

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

During the year ended September 30, 2007, the Company issued 125,000 common shares to Messina as part of the Pukaskwa agreement (Note 4) at a value of \$22,500. Also, during the year ended September 30, 2007, the Company issued 940,000 shares on exercise of options for total proceeds of \$94,000.

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*Prepared by Management***10. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd)**

At March 31, 2008 and September 30, 2007, the Company had 2,825,000 share purchase warrants outstanding and exercisable at an average exercise price of \$0.25 per share. Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2006	1,940,000	0.38
Warrants expired	(1,940,000)	0.38
Warrants issued	2,825,000	0.25
Balance, March 31, 2008 and September 30, 2007	2,825,000	\$ 0.25

10. 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 March 31, 2008:

Number of Shares	Exercise Price	Expiry Date
200,000	\$ 0.20	May 2, 2008
200,000	\$ 0.23	June 8, 2008
950,000	\$ 0.15	November 2, 2010
25,000	\$ 0.15	November 13, 2010
1,375,000		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2006	1,440,000	\$ 0.13
Options exercised	(940,000)	0.10
Balance, September 30, 2007	500,000	0.24
Options granted	975,000	0.15
Options expired	(100,000)	0.10
Balance, March 31, 2008	1,375,000	0.17
Number of options currently exercisable	1,375,000	\$ 0.17

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

Stock-based compensation

During the period ended March 31, 2008, the Company granted 975,000 stock options which vested upon granting. Stock-based compensation expense using the Black-Scholes option pricing model was \$78,000 which was also 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	4.18%
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 consolidated financial statements.

11. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the period ended March 31, 2008:

- a) paid or accrued corporate and administration fees of \$19,386 (2007 - \$18,442) to an officer of the Company;
- b) paid or accrued management fees of \$26,975 (2007 - \$21,000) to an officer and director of the Company;
- c) paid or accrued geological consulting fees included in mineral property and exploration costs of \$2,987 (2007 - \$3,871) to a director of the Company;
- d) 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;

11. RELATED PARTY TRANSACTIONS (cont'd)

As at March 31, 2008, the Company held 105,042 (September 30, 2007 - 105,042) shares of Messina with a market value of \$36,765 (September 30, 2007 - \$79,832). As at March 31, 2008, the Company held 231 (September 30, 2007 - 231) common shares of Stingray with a market value of \$173 (September 30, 2007 - \$152).

Included in accounts payable at March 31, 2008 is \$2,124 (September 30, 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.

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 period ended March 31, 2008, the Company had the following significant non-cash transactions:

- a) accrued accounts payable of \$2,528 (2007 - \$2,400) relating to deferred exploration costs;
- b) issued 400,000 (2007 - 100,000) common shares at a value of \$48,000 (2007 - \$22,500) in consideration for mineral property acquisitions. (Note 4).

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

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

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Fair Values

The fair values of cash, accounts receivable, due from Windarra Minerals Ltd., accounts payable and accrued liabilities and loan payable 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.

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 does have a significant concentration of credit risk with the amount due from Windarra Minerals Ltd. and this amount was repaid subsequent to March 31, 2008.

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.

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

Fair Values (cont'd)

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 4). Management is of the opinion that the work program undertaken by the operator was not approved by the Company and, accordingly, it is management's opinion that dilution, if any, of the Company's interest in the claims will be less than that claimed by the operator. It is management's opinion that ultimate resolution of this matter cannot be determined at this time, therefore no dilution of the Company's interest has been reflected in these financial statements and no provision has been made in the accounts of the Company for any liability associated with unpaid exploration expenditures.

17. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2008, the subsidiary company, Westward:

- a) completed a private placement of 40,000,000 units at \$.05 per unit. Each unit consists of one common share of the Company and a two year warrant to purchase one additional common share at \$.10 per share, and
- b) issued 975,000 common shares for proceeds of \$105,000 on the exercise of stock options.

Subsequent to the period ended March 31, 2008, the Company sold 13,000,000 shares of Westward in a private sale for total proceeds of \$765,000. The proceeds of the sale were used primarily to retire a debt owing to Westward.

As a result of the transactions outlined above, the Company owns less than 1% of Westward.

CORPORATE DATA

MAY 2008

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

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CAPITALIZATION

Authorized:	Unlimited
Issued:	30,699,909
Options:	1,675,000
Warrants:	2,825,000

LISTINGS

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