WESTERN WIND ENERGY CORP.
(A development stage company)

Consolidated Financial Statements

January 31, 2005 and 2004

Index

ELLIS FOSTER
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AUDITORS' REPORT

To the Shareholders of

WESTERN WIND ENERGY CORP.
(A development stage company)

We have audited the consolidated balance sheets of **Western Wind Energy Corp.** (A development stage company) ("the Company") as at January 31, 2005 and 2004 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ellis Foster

Vancouver, Canada
May 25, 2005

Chartered Accountants

WESTERN WIND ENERGY CORP.
(A development stage company)

Consolidated Balance Sheets
January 31, 2005 and 2004
(Expressed in Canadian Dollars)

	2005	2004
ASSETS		
Current assets		
Cash and cash equivalents	$ 31,531	$ 274,873
Refundable tax credits	69,169	17,900
Prepaid expenses and deposits	15,421	6,861
Total current assets	116,121	299,634
Project development costs (Note 3)	250,942	-
Investment deposit (Note 4)	172,020	172,020
Property and equipment (Note 5)	2,529,756	2,000,884
Intangible assets (Note 6)	375,000	375,000
Deferred charges (Note 7)	351,000	453,375
Total assets	$ 3,794,839	$ 3,300,913
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 121,136	$ 85,810
Advance from Clean Power Income Fund (Note 10)	400,000	-
Loan payable (Note 11)	135,000	-
Due to related party (Note 8)	-	19,952
Notes payable (Note 9)	58,558	66,595
Total current liabilities	714,694	172,357
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	8,981,033	6,755,996
Share subscriptions received (receivable)	(335,208)	35,498
Contributed surplus	1,643,030	742,564
Deficit	(7,208,710)	(4,405,502)
Total shareholders' equity	3,080,145	3,128,556
Total liabilities and shareholders' equity	$ 3,794,839	$ 3,300,913

Continued operations (Note 1)
Commitments (Note 16)
Subsequent events (Note 19)

Approved by the Directors: *"Jeffrey Ciachurski"* Jeffrey Ciachurski   *"Robert Bryce"* Robert Bryce

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

WESTERN WIND ENERGY CORP.
(A development stage company)

Consolidated Statements of Operations and Deficit
(Expressed in Canadian Dollars)

	Period from January 5, 1998 (inception) to January 31 2005	Year Ended January 31 2005	Year Ended January 31 2004
Revenue			
Proceed from sale of mineral claims	$ 72,530	$ -	$ -
Costs of mineral claims sold	(5,767)	-	-
	66,763	-	-
Expenses			
Amortization - discount on promissory note	22,487	$ -	$ 20,247
Amortization - equipment	51,749	32,157	15,306
Amortization - deferred charges	2,625	-	2,625
Automotive	78,607	45,631	32,976
Consulting	37,425	17,025	-
Financing charge	72,500	72,500	-
Interest expense on promissory note	37,082	13,026	19,035
Listing and filing	96,435	28,844	16,543
Management fees	384,200	142,200	79,000
Office and miscellaneous	309,163	94,652	75,840
Professional fees	865,017	246,393	279,910
Project investigation costs (Note 3)	2,286,903	873,481	580,874
Promotion	67,977	51,680	7,700
Rent	48,915	21,215	17,700
Secretarial and administration	134,242	33,244	37,750
Sponsorship fees	95,177	8,423	304
Stock-based compensation	1,643,030	900,466	321,541
Telephone	62,600	29,304	11,114
Travel	338,134	91,289	86,869
Write off of easement landlease in Arizona	102,375	102,375	-
Total expenses	6,736,643	2,803,905	1,605,334
Operating loss	(6,669,880)	(2,803,905)	(1,605,334)
Interest income	13,566	697	1,825
Loss on sale of marketable securities	(2,156)	-	-
Write off of mineral properties	(541,007)	-	-
Write-down of marketable securities	(15,000)	-	-
Debt forgiven	5,767	-	-
Loss for the period	(7,208,710)	(2,803,208)	(1,603,509)
Deficit, beginning of period	-	(4,405,502)	(2,801,993)
Deficit, end of period	$ (7,208,710)	$ (7,208,710)	$ (4,405,502)
Loss per share - basic and diluted		$ (0.20)	$ (0.15)
Weighted average number of common shares outstanding - basic and diluted		13,924,833	10,875,543

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

WESTERN WIND ENERGY CORP.
(A development stage company)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Period from January 5, 1998 (inception) to January 31 2005	Year Ended January 31 2005	Year Ended January 31 2004
Cash flows from (used in) operating activities			
Loss for the period	$ (7,208,710)	$ (2,803,208)	$ (1,603,509)
Adjustment for items not involving cash:			
- amortization - discount on promissory note	2,240	-	-
- amortization - equipment	74,621	32,157	38,178
- loss on sales of marketable securities	2,156	-	-
- write-down of marketable securities	15,000	-	-
- write off of long term assets	102,375	102,375	
- write off of mineral interest	541,007	-	-
- debt forgiven	(5,767)	-	-
- legal expenses settled through the issuance of shares	15,000	-	-
- financing fees settle with issuance of shares	62,500	62,500	-
- Stock based compensation expense	1,643,030	900,466	321,541
	(4,756,548)	(1,705,710)	(1,243,790)
Change in non-cash working capital items:			
- refundable tax credits	(69,169)	(51,269)	5,434
- prepaid expenses	(15,421)	(8,560)	(6,111)
- accounts payable and accrued liabilities	121,133	35,326	16,172
Net cash used in operating activities	(4,720,005)	(1,730,213)	(1,228,295)
Cash flows from (used in) financing activities			
Shares issued for cash	7,783,340	1,771,831	2,618,095
Share subscriptions received	282,498	20,000	35,498
Loan payable	135,000	135,000	-
Advances from Clean Power Income Fund	400,000	400,000	-
Advances from (to) related party	5,767	(19,952)	(24,967)
Promissory note	56,558	(8,037)	(89,426)
Net cash from financing activities	8,663,163	2,298,842	2,539,200
Cash flows from (used in) investing activities			
Purchase of marketable securities	(43,500)	-	-
Purchase of property and equipment	(2,581,505)	(561,029)	(867,691)
Deferred project development costs	(250,942)	(250,942)	
Acquisition of mineral properties	(191,072)	-	-
Deferred exploration	(349,932)	-	-
Proceeds from sales of marketable securities	26,344	-	-
Investment deposit	(170,020)	-	(170,020)
(Increase) in deferred charge	(351,000)	-	-
Net cash used in investing activities	(3,911,627)	(811,971)	(1,037,711)
Increase (decrease) in cash and cash equivalents	31,531	(243,342)	273,194
Cash and cash equivalents, beginning of period	-	274,873	1,679
Cash and cash equivalents, end of period	$ 31,531	$ 31,531	$ 274,873
Supplemental disclosure of cash flow information:			
Interest paid in cash		$ 5,151	$ -
Income taxes paid in cash		$ -	$ -

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

1. Continued Operations

The Company is in the business of developing wind energy projects on properties either owned or leased by the Company in New Brunswick, California and Arizona. The Company holds various wind farm properties in North America through its wholly owned subsidiaries Eastern Wind Power Inc. ("EWP"), Verde Resources Corporation ("VRC") and Aero Energy, LLC ("Aero").

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The continued operations of the Company is dependent upon the ability of the Company to obtain necessary financing to complete the development of the wind energy production project and upon future profitable operations.

2. Significant Accounting Policies

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiary, Eastern Wind Power Inc. ("EWP"), and U.S. subsidiaries, Verde Resources Corporation ("VRC") and Aero Energy, LLC ("Aero"). All significant inter-company accounts and transactions have been eliminated.

(b) Use of Estimates

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

(c) Cash Equivalents

Cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturity of three months or less when purchased.

(d) Property and Equipment

Property and equipment consist of land, wind equipment, office furniture and equipment, and vehicle and are recorded at cost. Except for land which is not subject to amortization, these are amortized over their estimated useful lives using the straight-line method over 5 years.

2. Significant Accounting Policies (continued)

(e) Project Development Costs

Project development costs are costs for projects held for future development of wind farm sites. These costs will be amortized over the expected useful life of the projects once the projects commence commercial operations. The recoverability of the capitalized costs is dependent on the Company's ability to obtain financing to complete the development of such projects, meet its obligations under various agreements and the success of future operations or dispositions. As at January 31, 2005 the Company has not commenced commercial operations of any projects.

(f) Intangible Assets

Intangible assets consists of wind data and site rights which has indefinite life. The Company applies CICA Handbook, Section 3062, *Goodwill and Other Intangible Assets,* which requires that a recognized intangible asset should be amortized over its useful life to an enterprise unless the life is determined to be indefinite. An intangible asset with an indefinite life will not be amortized but will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The impairment test consists of a comparison of the fair value of the intangible asset with its carrying amount. When the carrying amount of the intangible asset exceeds its fair value, an impairment loss will be recognized in an amount equal to the excess and charged to operations.

As at January 31, 2005, the Company did not have any recognizable impairment of the intangible assets.

(g) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(h) Long-lived Assets Impairment

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

2. Significant Accounting Policies (continued)

(i) Asset Retirement Obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is also adjusted to reflect period-to-period changes in the liability resulting from passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at January 31, 2005, the Company did not have any asset retirement obligations.

(j) Foreign Currency Transactions

Transactions in foreign currencies are translated into the currency of measurement at the exchange rate in effect on the transaction date. Monetary items expressed in foreign currencies are translated into the currency of measurement at the exchange rate in effect at the balance sheet date. The resulting exchange gains and losses are recognized in income statement.

(k) Earnings (Loss) Per Share

Earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Shares held in escrow and contingently cancellable are excluded in the computation of basic earnings (loss) per share until the conditions for their release are satisfied.

As the Company incurred net losses in fiscal 2005 and 2004, the stock options and share purchase warrants, as disclosed in notes 12 and 13, were not included in the computation of loss per share as its inclusion would be antidilutive.

2. Significant Accounting Policies (continued)

(l) Stock based compensation

Effective February 1, 2003, the Company prospectively adopted a new standard for the accounting of Stock-Based Compensation and Other Stock-Based Payments ("CICA 3870"), as recommended by the Canadian Institute of Chartered Accountants. Under the new standard, all stock option awards granted to employees and directors of the Company require the application of the fair value method.

The fair value of stock options is determined by the *Black-Scholes Option Pricing Model* with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options. The fair value of direct awards of shares is determined by the quoted market price of the Company's stock.

For stock option awards granted to other than employees and directors and all direct awards of shares, the Company continues to apply the fair value method.

3. Project Development Costs

The Company has interests in the following 3 projects:

(a) On September 29, 2004, the Company's wholly owned subsidiary, EWP, entered into a formal and binding 20-year power purchase agreement ("PPA") with New Brunswick Power where the Company is to produce and sell through EWP the available output of 20 Megawatts (MW) of wind power from its new wind farm to be located near Dark Harbour, Grand Manan, New Brunswick.

(b) On May 3, 2004, the Company's wholly own subsidiary, VRC, entered into a Master Power Purchase and Sale Agreement ("PPA") with Arizona Public Service Company ("APS"), a company organized under the laws of the State of Arizona. Pursuant to the Master Agreement, APS will purchase from VRC 15 megawatts of wind energy electrical generation.

(c) In March 2005, the Company's wholly owned subsidiary, Aero, entered into a formal Power Purchase Agreement ("PPA") with Southern California Edison Company ("Edison") for the procurement by Edison, from the Company, of up to 120 megawatts of wind powered electrical generation. The agreement is for a period of 20 years. The location of the wind energy facilities will be Tehachapi Pass Wind Park, California.

(Expressed in Canadian Dollars)

3. Project Development Costs (continued)

During the fiscal year 2005, the Company capitalized project developments costs related to the EWP's PPA as follows:

	2005	2004
Consulting and related expenses	$ 59,278	$ -
Engineering design costs	69,624	-
Feasibility and technical services	45,095	-
Legal fees	70,854	-
Public relation and administration	6,091	-
	$ 250,942	$ -

Project investigation costs expensed during the year are as follows:

	Cumulative May 1, 2001 to January 31, 2005	2005	2004
Automotive	$ 83,456	$ 21,925	$ 11,800
Consulting and related expenses	852,537	356,071	231,799
Equipment lease	3,373	3,373	-
Evaluation report	46,133	-	-
Feasibility and technical services	404,491	201,866	141,200
Project management	443,364	100,987	131,457
Property investigation	6,693	6,693	-
Property taxes	14,873	14,873	-
Public relation and administration	252,753	89,750	41,615
Travel	179,230	77,943	23,003
	$ 2,286,903	$ 873,481	$ 580,874

(Expressed in Canadian Dollars)

3. Project Development Costs (continued)

Project investigation costs are allocated to individual projects as follows:

	Cumulative May 1, 2001 to January 31, 2005	2005	2004
Arizona Project	$ 1,068,473	$ 539,088	$ 145,219
California Project	843,292	153,846	290,436
New Brunswick Project	375,138	180,547	145,219
	$ 2,286,903	$ 873,481	$ 580,874

The Company commenced its wind energy projects on May 1, 2001. Prior to May 1, 2001, the Company was in the mineral exploration business.

4. Investment Deposit

On September 18, 2003, the Company entered into a Binding Letter Agreement (“Agreement”) with a director of one of its subsidiaries to acquire his 1/3 interest in and to the Mogul Generating Facility (“Mogul”) located in Tehachapi, California. Pursuant to the Agreement, the Company is required to make a US$120,000 deposit (paid) and will have 120 days to perform the necessary due diligence for the purpose of closing the said transaction. Further, the purchase price shall be determined by mutual agreement of both parties, which shall be based on an evaluation of two (2) independent evaluators. In the event if mutual agreement referring to the purchase price cannot be reached within 180 days from the date of the Agreement, the US$120,000 will be returned to the Company within fifteen (15) days after the expiration of the 180-day period.

Subsequent to the year end, an independent evaluation was performed and the Company proposed to acquire the wind data from Mogul, instead of the facility for purchase price of $500,000. The investment deposit will be used to apply against the purchase price.

(Expressed in Canadian Dollars)

5. Property and Equipment

	2005			2004
	Cost	Accumulated amortization	Net book value	Net book Value
Land – Arizona Project	$ 315,358	$ -	$ 315,358	$ 294,937
Land – California Project	2,055,175	-	2,055,175	1,606,936
Wind equipment	151,274	44,164	107,110	99,011
Furniture and equipment	46,267	5,566	40,701	-
Vehicle	13,431	2,019	11,412	-
	$ 2,581,505	$ 51,749	$ 2,529,756	$ 2,000,884

During fiscal year 2005, the Company completed various acquisitions of lands for potential wind farm sites in California and Arizona, USA for a total consideration of $468,660 (2004 - $791,954).

Land totalling $188,023 was placed as security against notes payable (See note 9).

6. Intangible Assets

On February 15, 2002, the Company completed an asset purchase agreement with Verde Resources, a California partnership. Pursuant to the asset purchase agreement, the Company acquired certain site and wind data rights for a wind farm site, and shares of Verde Resources Corporation. In consideration, the Company issued one million Units, consisting of one million common shares and one million non-transferrable warrants, each warrant entitling the holder to acquire one common share at a price of $0.50 per share for a period of 2 years expiring February 15, 2004. These warrants were exercised in fiscal year 2005.

The total purchase price of $375,000, being the estimated market value of the one million common shares and warrants issued, is allocated to the intangible assets of site and wind data rights which has been determined to have an indefinite life by the management of the Company. With the adoption of CICA Handbook, Section 3062*, Goodwill and Other Intangible Assets*, the cost of site and wind data rights will not be amortized but will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired.

(Expressed in Canadian Dollars)

7. Deferred Charges

Deferred charges represent advance land lease payments to the lessors. A summary of leased land locations and their related deferred charges is as follows:

	2005			2004
	Cost	Deduction	Net book value	Net book Value
Elgin, Arizona (a)	$ 351,000	$ -	$ 351,000	$ 351,000
Kingman, Arizona (b)	-	-	-	102,375
	$ 351,000	$ -	$ 351,000	$ 453,375

(a) The advance payment will be deducted against the future annual rent payments after commencement of the operation of the wind farm on the permanent site. As at January 31, 2005, the Company has not yet commenced operation (See note 16a).

(b) On April 10, 2003, the Company's wholly own subsidiary, Verde Resources Corporation ("VRC"), entered into a Windfarm Easement Agreement ("Agreement") covering approximately 8,300 acres of land in Arizona with REMO LLC ("REMO"), an Arizona limited liability company. The terms of the lease is not to exceed thirty (30) years commencing upon the date of the Agreement. Pursuant to the Agreement, the Company agreed to issue to REMO 100,000 common shares (issued). The agreement also provides that VRC will pay REMO a royalty of 3.5% of gross operating proceeds from net energy sales with a minimum annual royalty payable of US$580,000, commencing no later than March 21, 2005.

The Company decided to terminate the lease effective March 21, 2005 and as a result wrote off the asset.

8. Due to a Related Party

The amount due to a related party represents a loan from a director of the Company. The amount is non-interest bearing and unsecured. The amount was repaid to this related party during the fiscal year 2005.

9. Notes Payable

Note payable of $58,558 (2004 – $66,595) represents the amount due to a director of the Company who obtained two bank loans from a financial institution to assist the Company in the acquisition of land in fiscal 2003. The note payable is secured by the property of the Company, bears interest at a rate of 10% per annum and is due on demand (note 5).

10. Advance from Clean Power Income Fund

On November 15, 2004, Clean Power Income Fund (“Clean Power”), a North American renewable power income fund, and the Company executed a joint venture agreement to develop, construct, finance and operate a 20 MW wind power generating facility in Grand Manan, New Brunswick (see Note 3a) whereby both parties will have 50% interest each in the facility. Under the terms of the Agreement, Clean Power will finance the project with $7 million and negotiate a $22.5 million 20-year senior debt facility to fund the construction and operation of the plant. The Company will act as the construction manager, and upon completion, as operator of the facility.

During the year ended January 31, 2005, Clean Power has advanced $400,000 to the Company for the construction of the plant. The advance is interest bearing at a rate of 5% per annum, secured by the assets of the underlying project, and principal and accrued interest is due in full on November 1, 2005 or at the earliest of several conditions as determined by the promissory note signed.

11. Loan Payable

Loan payable of $135,000 is from an arm’s length third party, bearing interest at a rate of 10% per annum, compounded annually, and due on February 28, 2005. In connection with obtaining the loan, the Company issued to the lender 15,000 Bonus Units and paid an administration fee of $10,000 in cash. The 15,000 Units were issued at a price of $1.50 per Unit, where each Unit comprises one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share for a period of two years from the date of issuance at a price of $1.80 per share for the first year and $2.10 per share thereafter.

The loan was repaid in full including accrued interest of $9,358 on March 10, 2005.

(Expressed in Canadian Dollars)

12. Share Capital

(a) Authorized: 100,000,000 common shares without par value.

(b) Issued:

	Shares	Amount
Balance, January 31, 2003	9,571,972	$ 4,002,914
Exercise of warrants, ranging from $0.75 to $1.30 per share	949,000	763,600
Private placement at $1.05 per share, net of share issuance costs of $21,000	440,686	441,721
Share issued in connection with Windfarm Easement Agreement	100,000	105,000
Bonus shares issued in connection with the promissory note (Note 9a)	41,000	22,487
Private placement at $1.05 per share, net of share issuance cost of $20,750	651,000	662,800
Exercise of stock options, ranging from $0.20 to $0.35 per share	57,500	12,625
Private placement at $1.05 per share	115,000	120,750
Private Placement at $3.00 per share, net of share issuance cost of $21,900	215,333	624,099
Balance, January 31, 2004	12,141,491	6,755,996
Exercise of warrants, ranging from $0.50 to $1.30 per share	1,797,533	1,470,770
Exercise of stock options, ranging from $0.20 to $0.35 per share	207,500	64,375
Issuance of shares in connection with a loan (See note 11)	15,000	22,500
Private placement at $3.00 per unit, net of share issuance cost of $6,000	21,000	57,000
Private placement at $1.50 per unit, net of share issuance cost of $76,000	315,500	397,250
Private placement at $1.50 per unit	116,661	173,142
Issuance of shares for services	31,250	40,000
Balance, January 31, 2005	14,645,935	$ 8,981,033

12. Share Capital (continued)

(b) Issued (continued):

In February 2004, the Company completed a non-brokered private placement of 21,000 units priced at $3.00 per unit for gross proceeds of $63,000. Each unit consists of one (1) common share and one (1) share purchase warrant where one whole warrant entitles the holder to acquire a further common share at $3.50 per share until February 4, 2005 and $4.00 per share until February 4, 2006. The Company paid finder's fees of $6,000 in cash. The Company applied the residual approach and allocated the gross proceeds less issuance costs, to the common shares and $nil to the attached warrants.

In September 2004, the Company completed a non-brokered private placement of 315,500 units priced at $1.50 per unit for gross proceeds of $473,250. Each unit consists of one (1) common share and one (1) share purchase warrant where one whole warrant entitles the holder to acquire a further common share at $1.80 per share until September 3, 2005 and $2.10 per share until September 3, 2006. The Company paid finder's fees of $76,000 in cash. The Company applied the residual approach and allocated the gross proceeds less issuance costs, to the common shares and $nil to the attached warrants.

In December 2004, the Company completed a non-brokered private placement of 116,661 units priced at $1.50 per unit for gross proceeds of $173,142. Each unit consists of one (1) common share and one (1) share purchase warrant where one whole warrant entitles the holder to acquire a further common share at $1.80 per share until December 13, 2005 and $2.10 per share until December 13, 2006. The Company did not pay any finder's fees

On May 5, 2003, the Company completed a non-brokered private placement of 440,686 units priced at $1.05 per unit with each unit consisting of one (1) common share and one (1) share purchase warrant with each warrant entitling the holder to acquire a further common share at $1.30 until May 4, 2004 and at $1.60 until May 4, 2005. The Company applied the residual approach and allocated the total proceeds of $441,721 (net of issuance cost of $21,000) to the common shares and $ nil to warrants.

On September 15, 2003, the Company completed a non-brokered private placement of 651,000 units priced at $1.05 per unit with each unit consisting of one (1) common share and one (1) share purchase warrant with each warrant entitling the holder to acquire a further common share at $1.30 until September 15, 2004 and at $1.60 until September 15, 2005. The Company applied the residual approach and allocated the total proceeds of $662,800 (net of issuance cost of $20,750) to the common shares and $ nil to warrants.

(Expressed in Canadian Dollars)

12. Share Capital (continued)

(b) Issued (continued):

On October 6, 2003, the Company completed a non-brokered private placement of 115,000 units priced at $1.05 per unit with each unit consisting of one (1) common share and one (1) share purchase warrant with each warrant entitling the holder to acquire a further common share at $1.30 until October 6, 2004 and at $1.60 until October, 2005. The Company applied the residual approach and allocated the total proceeds of $120,750 to the common shares and $ nil to warrants.

On January 28, 2004, the Company completed a non-brokered private placement of 215,333 units priced at $3.00 per unit with each unit consisting of one (1) common share and one (1) share purchase warrant with each warrant entitling the holder to acquire a further common share at $3.50 until January 28, 2005 and at $4.00 until January 26, 2006. The Company applied the residual approach and allocated the total proceeds of $624,099 (net of issuance cost of $21,900) to the common shares and $ nil to warrants.

(c) 950,000 shares are held in escrow, the release of which is subject to the direction of the regulatory authorities having jurisdiction.

(d) Share purchase warrants outstanding as at January 31, 2005:

Number of Warrants	Exercise Price	Expiry Date
356,900	$1.60 (2nd year)	May 5, 2005
579,500	$1.60 (2nd year)	September 15, 2005
40,000	$1.60 (2nd year)	October 6, 2005
215,333	$4.00 (2nd year)	January 28, 2006
21,000	$3.50 (1st year)	February 4, 2005
	$4.00 (2nd year)	February 4, 2006
315,500	$1.80 (1st year)	September 3, 2005
	$2.10 (2nd year)	September 3, 2006
15,000	$1.80 (1st year)	August 16, 2005
	$2.10 (2nd year)	August 16, 2006
116,661	$1.80 (1st year)	December 13, 2005
	$2.10 (2nd year)	December 13, 2006
1,659,894		

Each warrant entitles the holder to acquire one common share of the Company.

(Expressed in Canadian Dollars)

13. Stock Options

The Company has a stock option plan (the "Plan") and allotted and reserved up to an aggregate of 2,763,605 common shares.

In fiscal year 2005, the Company granted 350,000 stock options to various employees, directors and consultants of the Company. Each option entitles the holder to acquire one common share at exercise prices ranging from $1.44 to $1.52 per share, being vested 25% immediately and 25% every six months afterward until fully vested 18 months from the date of grant and expires five years from the date of grant.

In fiscal year 2004, the Company granted and issued 750,000 stock options to various employees, directors and consultants of the Company. Each option entitles the holder to acquire one common share at exercise prices ranging from $1.05 to $2.55 per share, being vested 25% six months from the date of grant and 25% every six months afterward until fully vested 24 months from the date of grant and expires five years from the date of grant.

The Company applied the fair value method to account for stock options granted to employees and directors on and after February 1, 2003. During the fiscal year 2005, the Company recorded $900,466 (2004 - $321,541) stock based compensation expenses on options vested in the year.

A summary of stock option information for the year ended January 31, 2005 is as follows:

	Shares	Weighted Average Exercise Price
Options outstanding at January 31, 2003	1,120,000	$ 0.83
Granted	750,000	$ 2.23
Exercised	(57,500)	$ 0.22
Options outstanding at January 31, 2004	1,812,500	$ 1.57
Granted	350,000	$ 1.45
Exercised	(207,500)	$ 0.31
Options outstanding at January 31, 2005	1,955,000	$ 1.55

(Expressed in Canadian Dollars)

13. Stock Options (continued)

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (yrs.)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.01 - $1.00	355,000	2.32	$ 0.71	355,000	$ 0.71
$1.01 - $2.00	950,000	3.03	$ 1.28	750,000	$ 1.00
$2.01 - $3.00	650,000	3.75	$ 2.41	475,000	$ 0.76
	1,955,000	3.14	$ 1.55	1,580,000	$ 0.86

The fair value of each option granted has been estimated as of the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk-interest rate of 4.00% (2004 – 3%), dividend yield 0% (2004 – 0%), volatility of 79% (2004 – 59%) and expected lives of approximately 5 years (2004 – 5 years). A summary of weighted average fair value of stock options granted during the years ended January 31, 2005 and 2004 is as follows:

	Weighted Average Exercise Price	Weighted Average Fair Value
Fiscal year 2005		
Exercise price is below market price at grant date:	$ 1.45	$ 0.89
Fiscal year 2004		
Exercise price is below market price at grant date:	$ 2.23	$ 1.31

14. Income Taxes

(a) A reconciliation of the statutory tax rate to the effective rate for the Company is as follows:

	2005	2004
Statutory income tax rate	(36%)	(38%)
Tax losses not benefited	36%	38%
Effective tax rate	-	-

(Expressed in Canadian Dollars)

14. Income Taxes (continued)

(b) The Company has non-capital losses of approximately $4,480,000 (2004 - $2,644,000), cumulative exploration and development expenses of approximately $2,100,000 (2004 - $935,000) and capital losses of approximately $17,000 (2004 - $17,000) for income tax purposes, which may be carried forward to reduce taxable income of future years. These non-capital losses expire commencing 2007 through 2015 if not utilized. The cumulative foreign exploration and development expenses can be carried forward indefinitely.

(c) Future income tax benefits which may arise as a result of these losses have not been recognized in these financial statements as there is no assurance that such amounts are more likely than not to be realized.

15. Related Party Transactions

(a) The following expenses were accrued/paid to directors and parties related to the directors of the Company:

	2005	2004
Management fees	$ 142,200	$ 46,000
Project management	172,335	144,255
Consulting fees	-	23,616
Automotive	-	19,372
Rent	-	17,700
Secretarial and administrative	30,000	36,700
	$ 344,535	$ 287,643

During the fiscal year 2005, the Company paid $nil (2004 - $25,483) as an automotive allowance to a director of the Company. As at January 31, 2005, $ 8,488 (2004 - $6,111) was included in prepaid expense and deposit.

(b) See Noted 4 and 9.

16. Commitments and Contingencies

(a) The Company is committed to a land lease agreement with a lessor with respect to the wind power project in Elgin, Arizona. The lease has a term of 50 years from September 1, 2002 to August 31, 2052. The Company is required to pay the leesor as follows:

(i) For the 14 years after commencement of the "operation of the wind farm" on the permanent site to pay the lessor

- 1.4% of actual annual gross sale revenue from energy production on the permanent site; and
- minimum advance payment of US$225,000 (Cdn$351,000) (paid) to be deducted from future production.

(ii) After the 14 years and until the termination of the lease

- 2% of the actual annual gross sale revenue from energy production on the permanent sites; and
- additional annual rent equal to 10% of the amount due under 2% of actual annual gross sale, payable to a charity to be designated by the lessor, but in no event shall the additional rent exceed $50,000 per year.

(b) The Company is committed to a land lease agreement with a lessor with respect to the wind power project in New Brunswick, Canada. The lease has a term of 30 years commencing December 10, 2002 and ending on December 10, 2032. As required by the agreement, the Company has initiated plans to commence the construction of permanent wind energy conversion facilities by October 31, 2006. The agreement required the Company to pay the lessor annual rent equal to:

- 1.55% of the actual annual sale revenue for the first 3 years after commencement of the "operation of the wind farm" on the permanent sites;
- 1.9% of the actual annual sales revenue for the 4th year to 7th year;
- 2.2% of the actual annual sales revenue for the 8th year to 11th year;
- 2.5% of the actual annual sales revenue for the 12th year to the end of lease term; and
- If any additional revenue from the sale of CO_2 emission reduction credit, the Company shall pay to the rate sets out above.

(c) A former director of the Company's wholly owned subsidiary, Eastern Wind Power Inc., has commenced an action against the Company claiming rights to 50,000 stock options. The management of the Company assessed the claim and concluded that it has no merit. The lawsuit is still pending and the outcome is indeterminable at this time.

17. Non-cash Financing Activities

(a) In fiscal year 2005, 15,000 shares were issued in connection with a loan (see note 11), and 31,250 shares were issued in connection with the arrangement of Letter of Credit in favour of New Brunswick Power (see note 19a).

(a) In fiscal year 2004, the Company issued 100,000 common shares in connection with the Windfarm Easement Agreement (see Note 7).

(b) In fiscal year 2004, the Company issued 41,000 common shares as bonus and finder's fee pursuant to the issuance of a promissory note.

18. Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying values of cash and cash equivalents, refundable tax credits, accounts payable and accrued liabilities and due from (to) related party approximates their respective carrying values due to the short-term nature of these financial instruments.

The Company places its cash and cash equivalents with high credit quality financial institutions.

The Company is not exposed to significant interest or currency risks arising from these financial instruments.

19. Subsequent Events

(a) The Company opened a Letter of Credit in favour of New Brunswick Power ("NBP") for $200,000, which is valid until November 1, 2006 unless terminated in writing 30 days prior to November 1, 2005. NBP can withdraw funds from the Letter of Credit if Eastern Wind Power does not commission the wind plant by October 31, 2006.

(b) In March 2005, the Company completed a non-brokered private placement of 622,000 units priced at $0.82 per unit for gross proceeds of $510,040. Each unit consists of one (1) common share and one (1) share purchase warrant where one whole warrant entitles the holder to acquire a further common share at $1.03 per share until March 1, 2007. The Company paid $15,000 in cash and issued 18,295 common shares for finders' fees.

19. Subsequent Events (continued)

(c) In May 2005, the Company obtained $29.7 million in financing for the construction and development of the new wind farm to be located near Dark Harbour, Grand Manan, New Brunswick. The financing is secured by the assets of the Company.

(d) In May 2005, the Company granted 250,000 stock options to a consultant with exercise price of $1.65 per share, being vested 25% immediately and 25% every six months thereafter until fully vested 18 months from date of grant and expiring 5 years from date of grant.

(e) See Note 3(c), 4, 7(b), and 11.

Western Wind Energy Corp.
Management Discussion and Analysis
For the Year Ended January 31, 2005

Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements of Western Wind Energy Corp. ("Western Wind" or the "Company") for the year ended January 31, 2005. This MD&A is prepared as of May 31, 2005. All dollar figures stated herein are expressed in Canadian dollars.

This report including the MD&A may contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider the other risks and uncertainties discussed in the Company's required financial statements and filings.

Overall Performance

Corporate Summary

The Company is a developer of wind energy projects and has acquired land rights and other information to construct wind parks in New Brunswick, Canada and in California and Arizona in the United States. The Company is headquartered in Coquitlam, Canada and is listed on the TSX Venture Exchange under the symbol “WND”.

The Company has assembled a Management Team that is experienced in various aspects of the wind energy business including but not limited to site evaluation, energy analysis, site acquisition, transmission, permitting, construction, environmental, operations, sales and marketing.

The Company operates through three (3) wholly owned subsidiaries that are responsible for the energy projects: - Aero Energy LLC (“Aero”) for California operations, Verde Resources Corporation (“Verde”) for Arizona operations, and Eastern Wind Power Inc. (“EWP”) for New Brunswick and Eastern Canada operations.

Operations

<u>California</u>

Aero owns 1,022 acres of land in the Tehachapi Pass Wind Park, the largest aggregated wind park in the world with over 4,600 wind turbines generating over 705 megawatts of name-plate capacity producing over 1.4 billion kilowatt hours of energy per year. The Company's properties are zoned for wind energy development. Tehachapi enjoys the most straightforward permitting processes in the US wind energy industry.

The Company is continuing to purchase property in Tehachapi since California has some of the highest electricity rates in the United States and it is mandated to supply 20% of its total retail electrical sales from renewable resources by 2017. State regulatory agencies are requiring that this date be moved forward to 2010. This mandate requires 8,000 MW of new wind generation of which 4,000 new MWs is planned to come from the Tehachapi Pass.

The Company's property is surrounded by over 4,600 wind turbines owned by some of the largest wind power generators in the United States - FPL Energy LLC, EnXco and Eurus Energy LLC.

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At Tehachapi, the mean-average annual wind speeds and frequency distributions are highly documented producing net operating capacity factors of over 40% with modern wind turbine equipment.

The Company, on March 8, 2005, was awarded a power purchase agreement with Southern California Edison to supply 120 MW's of electricity before December 31, 2008. The projected revenue from this contract is US$560 million over 20 years. Costs associated with constructing the project are currently estimated to be approximately US$155 million. The Company has obtained a comfort letter from a privately owned transmission company and is currently negotiating the business terms of a transmission agreement.

The Company will perform micro-siting that will assist management to site the turbines and to select the turbine manufacturer. It is also in discussions with senior debt lenders and investors to obtain project financing required to construct the wind energy facility.

Carrying costs for the properties are minimal since they are held debt-free and property taxes are less that $20,000 per year.

The Company continues to work with its current shareholders and warrant-holders to raise additional funds to acquire new property in Tehachapi and to finance development costs.

Arizona

The Company operates in Arizona through Verde Resources Corporation. Verde is the first and only company to have executed a wind power purchase agreement with a regulated Arizona utility and, to the best of management's knowledge, is the only owner of property dedicated to wind energy in the State of Arizona.

The Company owns, by way of clear title, 800 acres of fee simple land and has under lease, over 1,300 acres of fee simple land. The Company, also, has by way of Federal lease application, over 36,000 acres and over 5,000 acres of State land applications, so that the Company controls almost 43,100 acres of land.

The Company is evaluating the meteorological conditions existing on its properties in Arizona and has completed transmission system impact studies and will be performing environmental studies on Federal leased properties.

Two of the Company's properties in Arizona have long-term wind data suitable for commercial production and the Company has entered into a commercial wind energy power purchase agreement with Arizona Public Service ("APS"). The agreement with APS provides for APS to purchase 32,193,000 kwh's of electricity per year at a fixed rate adjusted annually for inflation and any excess electricity production to be purchased at a rate based on the Dow Jones Firm Palo Verde On-Off Peak Index. Additionally, "green" credits may be sold to APS at a mutually agreed upon price. The Company will retain all production tax credits ("PTC") associated with the sale of energy under this transaction pursuant to section 45 of the US Internal Revenue Code.

The fixed power purchase rate and PTC will generate gross cash flow to Verde of US $2.35 million annually. This amount does not include the annual inflation adjustments stipulated in the PPA or the additional energy sales over 32,193,000 kWh per year. Costs associated with constructing the project are currently estimated at approximately US$18 million.

The Company is bidding on power purchase agreements with APS, other Arizona utilities and large industrial companies that are large users of electricity.

New Brunswick

The Company operates in New Brunswick through Eastern Wind Power Inc.

The Company has executed a Power Purchase Agreement with New Brunswick Power allowing the Company to sell 20 MW of wind energy electrical generation to New Brunswick Power, for a period of twenty (20) years. The terms of the agreement are confidential but revenues from the contract are projected to amount to approximately CDN$90 million over twenty (20) years, based on the Resource Assessment supporting the Company's winning bid. Costs associated with constructing the project are currently estimated to be approximately CDN$38 million.

The proposed wind farm, to be developed, owned and operated by Eastern Wind, is expected to have 10 turbines, each hub 78 metres high with three blades 41 meters long.

The Company has been awarded a "Determination to Proceed" by the New Brunswick Department of the Environment pursuant to the Province's Environmental Impact Assessment. The Federal Government has also issued a "Determination to Proceed".

NB Power Distribution and Customer Service will purchase the output and environmental attributes from the project through a 20-year power purchase agreement. The project would produce zero emission energy that will displace a similar quantity of fossil-fired generation. The wind farm, if constructed, is expected to be generating electricity by the first quarter of 2006.

The Company has received a financing proposal from The Manufacturer's Life Insurance Company to provide $29.7 million in debt financing to construct the project. The proposal is subject to normal due diligence. The Company must provide $9.7 million for construction and debt service reserves.

This is the first phase of NB Power's long-term objective to acquire 100 MW from renewable energy projects by 2010. This approach to energy development, involving the private sector and giving priority to renewable resources, aligns with the new *Electricity Act* and the Provincial Government's energy policy orientation.

Development

The Company acquires and develops sites based on eight (8) important criteria:

- available physical transmission
- legal access to transmission (interconnection and wheeling)
- commercial wind resource (the average net capacity factor of a new wind park in North America is between 25%-40%)
- zoning policy to allow wind park development
- no cultural or environmental impediments
- jurisdictional regulatory support of renewable energy
- local political support of development
- adequate incentives at the regional or federal level

Capacity factors of wind turbines are very important in assessing project economics. They are derived from the frequency distribution of a given average annual mean wind speed. The frequency distribution will vary according to specific meteorological conditions that are site specific. A specific wind speed at one location does not generate the same energy at another site. Temperature and density play an important role in determining capacity factors, as does turbine array, layout and turbulence. All of these factors and others are used by a consulting meteorologist who uses the power curve of an appropriate wind turbine manufacturer to generate a resource assessment report which determines the amount of electricity that will be generated at the specified location. The Company has engaged one of the more experienced consulting meteorologists in the United States. He has sited since 1977 over 7,000 turbines (over 3,000 MW) throughout the world.

Pricing

Revenue sources for wind parks in the US come from three (3) sources: energy prices, green credits and the Federal Production Tax Credit ("PTC"). The only fixed rate source is the PTC. It is currently at 1.9 cents per Kw/h and is adjusted for inflation. Prices for wind energy vary significantly throughout the country based on the demand and supply of electricity and the availability of other energy resources. Each resource site is just as unique in energy potential as is a specific region for energy prices and fuel variety for electrical production. Hawaii, California and the Northeastern US pay the highest energy rates for electrical consumption.

Project Financing

The Company will raise capital through established institutional sources that are familiar with the operation of a wind energy projects and the potential operating and construction risks. The amount of debt that is available from institutional sources is dependent upon the projected cash flow of the project, the existence of contract with public utilities or other credit-worthy companies, the wind resource assessment report and prevailing interest rates at the date funds are expected to be drawn down.

The Company may also be the general partner of a limited tax partnership. Details of any tax partnership will be provided as available.

The Company may seek corporate or project financing or structure projects so that tax benefits and PTC's can be used to raise capital. Details of specific project financings will be disclosed. It is premature to discuss dilution as the project may have a 100% debt component when financing terms and conditions have been established.

Project and Contractual Obligations

Each operating subsidiary is affected by local regulatory legislation concerning environmental, zoning and permitting regulations. The Company believes that its projects are currently in compliance with all applicable laws.

The Company's contract with APS in Arizona requires the facility to be commissioned by March 31, 2006 with an extension to March 31, 2007. The Company is presently applying for interconnection with the local transmission provider and discussing additional power sales to the transmission provider. There are no financial penalties in the agreement if the Company does not complete by the deadline.

Each subsidiary and its project areas have various forms of land tenure, some of which require performance obligations listed below:

California

The Company's contract with Southern California Edison requires the facility to be commissioned by December 31, 2007 with an extension to December 31, 2008. There are provisions for the Company to cancel the agreement without penalty. The Company has posted a US$500,000 letter of credit as a performance bond, subject to the cancellation provisions.

Our properties in Tehachapi are held fee simple and clear title and therefore, no obligations exist other than land taxes of less than US $20,000 per year.

Arizona

Eastern Arizona Wind Energy Center

The Company owns 360 acres of fee simple and clear title land and no obligations exist other than land taxes of approximately US $1,500 per year.

The Company has an Arizona State Lands Department application for over 5,000 acres. There are currently no obligations regarding this application other than a royalty on production to be negotiated between Verde Resources Ltd. and the Arizona State Lands Department.

Kingman

The Company has fee simple title to 440 acres of land and there is a balance payable of CDN$58,558 remaining on a 10-year promissory note. Interest and principal is US $1,000 per month and is paid in quarterly installments.

The Company acquired a 30-year lease on 8,300 acres of private land with an advanced annual royalty payment that was due to commence on March 2005 of US $580,000 per year. The Company sent a Notice of Termination, which took effect on March 15, 2005.

There are 36,000 acres of Federal Land Lease applications submitted to the Bureau of Land Management, US Department of the Interior, surrounding the 8,300-acre lease. There are no obligations until the commencement of commercial production in which there is a 3% production royalty payable to the United States government. The application has been accepted. The application fee to the Bureau of Land Management is US $1.00 per acre, per year.

Southeastern Arizona

The Company has a lease for fifty (50) years on approximately 1300 acres of land near Elgin, Arizona. There is an advance royalty payment of US $225,000 that has been already paid. The advanced payment is deductible against future royalty payments.

New Brunswick

The Company has a land lease with respect to its property on Grand Manan Island for thirty (30) years with no advance royalty payment but an obligation to commence construction by October 31, 2006. There are no penalties if the deadline lapses.

The Company has provided a $200,000 Letter of Credit to New Brunswick Power, as a security deposit for performance to complete the project by October 31, 2006.

Selected Annual Information
($'000's except per share items)

		January 31, 2005		January 31, 2004		January 31, 2003
Total Revenues	$	Nil	$	Nil	$	Nil
Income/Loss Before Discontinued Operations		(2,804)		(1,604)		(1,412)
Net Income		(2,804)		(1,604)		(1,412)
Loss per Share- Basis & Diluted		(0.20)		(0.15)		(0.22)
Total Assets		3,795		3,301		1,921
Long Term Financial Liabilities		Nil		Nil		Nil

Results of Operations

Discussion of Operation and Financial Condition

Comparative Consolidated Statement of Operations

General & Administrative (Except Project Development)

Stock-Based Compensation

During the year ended January 31, 2005, there were 350,000 stock options granted or issued. Using the fair value method, a total of $900,466 of stock-based compensation expense was recorded for the year for the options vesting during the period. 200,000 options were issued to Michael Boyd, President of Verde Resources Ltd. and 100,000 options were issued to Bryan Rowntree, Chairman of the Company's Advisory Board.

Professional Fees

Professional fees for the year under review were $246,393 compared to $279,910 for the previous year. Prior year legal costs were higher, due to the acquisitions of properties and general corporate legal costs. In the current year, legal costs ($70,854) related to the New Brunswick power purchase agreement were capitalized.

Travel

Travel expenses for the year under review were $91,289 compared to $86,869 in the previous year. The increase of $4,420 was due to meetings in the southwest United States, for power purchase negotiations and transmission planning sessions.

Office and Miscellaneous

Office expenses for the year under review were $94,652 compared to $75,840 during the previous year. The increase of $18,812 is due to higher levels of business activity in New Brunswick, California and Arizona, as well as the head office.

Telephone

Telephone expenses for the year under review were $29,304 compared to $11,114 during the previous year. The increase of $18,180 is due to higher levels of business activity in New Brunswick, California and Arizona as well as the head office.

Management Fees

The Company paid management fees to Jeffrey Ciachurski, the president of Western Wind and Paul Woodhouse who manages the New Brunswick project, and two directors. Previously, Paul Woodhouse's compensation was recorded as a project expense.

Management fees for the year under review were $142,200 compared with $79,000 for the previous year. This increase of $63,200 is due to the execution of 155 MW of power purchase agreements during this year.

Loan Fees

The Company incurred loan fees of $72,500 with respect to a loan payable of $135,000 that was repaid during the year, a loan from Clean Power Income Fund of $400,000 and a Letter of Credit payable to New Brunswick Power of $200,000.

Write-off of land lease in Arizona

The Company wrote off the cost of a land lease in Arizona that was allowed to expire and incurred a one time writedown of $102,375. The lease was allowed to expire because wind characteristics suggested that the property would not be a good site for a wind farm.

Project Development Expenses

Project development expenses consist of all direct costs (except land acquisition or leases) related to the advancement towards the Company's objective of building, owning and operating utility scale wind parks.

The Company advances its objectives at a pace that is in line with its fundraising endeavors. The Company works closely with its shareholders and warrant-holders defining budget availability and bases its activities on such funding.

Project development expenses are utilized for land maintenance, meteorological monitoring and analysis, energy studies, energy production pro-forma preparation, interconnection studies, engineering, energy sales and marketing, environmental reviews and project management.

Project Development

Comparison of Project Development Expenses

The Company allocates project development costs to the New Brunswick, California and Arizona Projects. The principal costs include consulting and related expenses, feasibility and technical costs and project management.

Automotive

The Company reimburses consultants for automotive costs based on mileage for owned automobiles and reimburses rental car costs and daily insurance costs associated with such rentals.

Automotive expenses for the year under review were $21,925 compared to $11,800 for the previous year. The Company paid for a leased truck in California for use by Aero Energy. The increase of $10,125 is due to increased project development in California.

Consulting and Related Expenses

The Company pays its consultants a rate of US$250 per diem plus reimbursement of expenses. Consulting and related expenses for the year under review were $356,071 compared to $231,799 during the previous year. The increase of $124,272 is attributed to the hiring of Steve Mendoza to manage the Arizona projects and consult on the California projects, the increased time spent by Cash Long and Jeff Patterson with respect to the development of the California property and the power purchase agreements with Southern California Edison and increased time spent by Darlene Gillis in obtaining the power purchase agreement and permitting for the New Brunswick project.

Feasibility and Technical Services

The Company engages third party meteorological professionals who review and log our wind data on a daily basis. All of our wind data is recorded in 10-second intervals and transmitted as 10-minute averages. The data is sent daily via cell to our Company's data center as well as to our meteorologist. Expenses for the year under review were $201,866 compared with $141,200 during the previous year. The increase of $60,666 in feasibility and technical services was due to increased meteorological resource assessments for Arizona, California and New Brunswick and a system impact study on our 400 MW Arizona Project with Western Area Power Administration (“WAPA”).

Project Management

The Chief Executive Officer (Jeffrey Ciachurski), the President of Verde Resources (Michael Boyd) and the Managing Director of Aero Energy LLC (Cash Long)'s consulting fees are recorded as project management. These fees are also booked at US $250 per diem and are for supervision of all project development activities. For the year under review, project management totaled $100,987 compared to $131,457 for the previous year. The decrease of $30,487 is mainly to the allocation of costs to consulting and related expenses.

Public Relations and Administration

The Company attends numerous wind energy and green marketing conferences and functions throughout North America. For the year under review, $89,750 was charged to public relations and administration. This is an increase of $38,135 compared to the previous year of $41,615. The substantial increase was due to increased conference attendances and lobbying efforts.

Travel

For the year under review, travel totaled $77,943 compared to $23,003 for the previous year. The increase of $54,940 results from increased travel to conferences and meetings as well as travel to California, Arizona and New Brunswick to review project progress, negotiate contracts and assess potential property acquisitions.

Summary of Quarterly Results

	Net Sales/ Total Revenues	Income/Loss Before Discontinued Operations	Net Income Loss	Income (Loss) Per Share Basic and Diluted
January 31, 2005	Nil	(603,527)	(603,527)	(0.04)
October 31, 2004	Nil	(801,347)	(801,347)	(0.06)
July 31, 2004	Nil	(732,361)	(732,361)	(0.05)
April 30/04	Nil	(666,670)	(666,670)	(0.05)
January 31/04	Nil	(651,191)	(651,191)	(0.06)
October 31/03	Nil	(319,858)	(319,858)	(0.03)
July 31/03	Nil	(398,895)	(398,895)	(0.03)
April 30/03	Nil	(233,565)	(233,565)	(0.02)
January 31/03	Nil	(427,234)	(427,234)	(0.09)
October 31/02	Nil	(208,890)	(208,890)	(0.02)
July 31/02	Nil	(425,676)	(425,676)	(0.05)

Liquidity and Capital Resources

As of the date of this Report, the Company had a net working capital deficiency of $598,482 as a result of advances from the Clean Power Income Fund of $400,000 and other loans payable of $194,558. The Company’s cash position as of the date of this report is $76,000.

The Company's properties in Tehachapi are surrounded by properties leased to major wind energy companies. These companies make royalty payments that on an equivalent acreage basis that would generate the Company about US$2 million per year. The surrounding projects were purchased by FPL Energy LLC, a subsidiary of Florida Power and Light. The purchases were made from the Enron bankruptcy and as such, the Company, as one of the bidders, has in its possession, the financial information with respect to the operations that surround the Company's property. Included in the financial information are the revenue statements and land royalties currently being paid to third party land owners over twenty (20) year periods.

If there is a dramatic downturn in the equity markets, the Company has the ability to reduce its expenses to below US$200,000 per year for all its operations. Such reduction would entail reducing the consulting hours to a minimum and extend the time required to develop its projects. The $200,000 is an approximation but would include land taxes, listing fees, regulatory fees, accounting and reduced legal.

Transactions with Related Parties

During the period, the following expenses were accrued/paid to directors and parties related to directors of the Company:

	January 31, 2005	January 31, 2004
Management Fees	$ 142,200	$ 46,600
Project Management	172,335	144,255
Consulting	0	23,616
Rent	0	17,700
Automotive	0	19,372
Secretarial and Administration	30,000	36,700
	$ 344,535	$ 287,643

See "Consulting and Related Expenses" and "Project Management" under "Project Development".

Announcements for the Year Under Review - January 31, 2005

On September 7, 2004, the Company announced that it had closed the non-brokered private placement of 315,500 units at a price of $1.50 per unit as announced in the Company's news release of June 21, 2004. Each unit is comprised of one common share and one share purchase warrant. One warrant will entitle the holder to purchase one common share over a two year period at a price of $1.80 per share until September 3, 2005 and at a price of $2.10 per share thereafter until September 3, 2006. The hold period for the units and the underlying securities expired on January 4, 2005. The Company used the proceeds from the private placement to, among other things, continue to pursue and negotiate power purchase agreements with potential purchasers in each of the areas where it holds land interests suitable for electrical power generation and for working capital.

On September 29, 2004, the Company announced that its wholly owned subsidiary, Eastern Wind Power Inc., had executed a formal and binding 20-year power purchase agreement with New Brunswick Power. The agreement calls for the Company to produce and sell through Eastern Wind Power the available output of 20MW of wind power from its new wind farm to be located near Dark Harbour, Grand Manan, New Brunswick. The Company will own, operate and maintain the wind farm. Eastern Wind Power was the successful proponent following a public request for proposal process initiated by New Brunswick Power. The agreement has confidentiality provisions, which prohibit the disclosure of price and capacity factor however; the project is expected to produce over CDN$90 million in revenues over a twenty (20) year period. The capital cost of the project is expected to be approximately CDN$38 million. Further to this agreement, the Company has received from the Department of Environment and Local Government, Province of New Brunswick, a Certificate of Determination to Proceed, as specified in the Company's Environment Impact Assessment. The Company is in advanced negotiations with several large Canadian financial institutions to provide project financing for the 20MW Grand Manan project. Final equipment selection and project details are being determined now, and news releases will be forthcoming as information becomes available.

On October 5, 2004, the Company had announced that its wholly owned subsidiary, Eastern Wind Power Inc. had received federal environmental approval to proceed with the Dark Harbour Wind Farm, a 20 MW facility to located near Dark Harbour, Grand Manan, New Brunswick.

Natural Resources Canada (NRCan) was the lead department for the federal review process. Coordination of the review process was performed by the Canadian Environmental Assessment Agency and NRCan's Office of Environmental Affairs. Other federal departments participating in the review were Environment Canada and the Department of Fisheries and Oceans. NRCan noted in its determination that the project is not expected to have any significant adverse environmental effects.

On October 12, 2004, the Company announced that it had negotiated a non-brokered private placement of 300,000 units at a price of $1.65 per unit. Each unit comprised of one (1) common share and one (1) share purchase warrant. Each warrant entitles the holder to purchase one (1) additional common share for a period of two years at a price of $2.00 per share during the first year and at a price of $2.35 per share during the second year.

On November 15, 2004, the Company announced that it had executed a Joint Venture Agreement (the "Agreement") with Clean Power Income Fund, to develop, construct, finance and operate a 20 MW wind power generating facility in Grand Manan, New Brunswick. Under the terms of the Agreement, Clean Power was to invest $7 million to acquire a 50 percent stake in the power generating facility, subject to due diligence and documentation. Over the 20-year term of the power purchase agreement that has been negotiated with New Brunswick Power, the facility is expected to produce revenue in excess of CDN$90 million and the costs to construct approximately $38 million. As part of its mandate under the Agreement, Clean Power was to negotiate a $22.5 million 20-year senior debt facility that was to be used to fund the construction and operation of the plant.

The Company is working on arrangements with Clean Power whereby the Company would retain 100 percent ownership of the Project with The Manufactures Life Insurance Company providing the debt financing and Clean Power assisting with the equity portion. See "Subsequent Events".

The Company will act as the construction manager, and upon completion, as operator of the facility. The project has received federal and provincial environmental impact assessment approvals to proceed with construction and operation.

Clean Power is a leading North American renewable power income fund with 42 diversified renewable projects across North America generating over 1.6 billion kW hours per year from 347 MW of environmentally preferred technologies. Clean Power invests only in power generating assets that use renewable energy sources such as water, wind, wood waste and landfill gas. Clean Power is the first income fund to be certified under Canada's Environmental Choice[M] Program.

On November 23, 2004, the Company announced that it was repricing the units being offered in the non-brokered private placement announced October 12, 2004. The price per unit was decreased from $1.65 to $1.50. The exercise price of each unit was also decreased from $2.00 to $1.80 in the first year and from $2.35 to $2.10 in the second year.

On December 14, 2004, the Company announced that it had closed the first tranche of the non-brokered private placement of 116,661 units at a price of $1.50 per unit as announced in the Company's news releases of November 23, 2004 and October 12, 2004. Each unit is comprised of one common share and one share purchase warrant. One warrant entitles the holder to purchase one common share over a two year period at a price of $1.80 per share until December 13, 2005 and at a price of $2.10 per share thereafter until December 13, 2006. The hold period for the units and the underlying securities expired on January 14, 2005. The Company used the proceeds from the private placement to, among other things, continue to pursue and negotiate power purchase agreements with potential purchasers in each of the areas where it holds land interests suitable for electrical power generation and for working capital.

Subsequent Events

On February 9, 2005, the Company announced that it had negotiated a non-brokered private placement of 122,000 units and a potential placement of an additional 1,500,000 units at a price of $0.82 per unit. Each unit is comprised of one (1) common share and one (1) share purchase warrant. Each warrant entitles the holder to purchase one (1) additional common share for a period of two years at a price of $1.03 per share.

On March 7, 2005, the Company announced that it had closed the first tranche of the non-brokered private placement announced in the Company's news release of February 9, 2005. The Company issued 122,000 units at a price of $0.82 per unit. Each unit is comprised of one common share and one share purchase warrant. One warrant will entitle the holder to purchase one common share at a price of $1.03 per share until March 1, 2007. The hold periods for the units and the underlying securities expires on July 2, 2005.

On March 8, 2005, the Company announced the execution of a formal power purchase agreement with the Southern California Edison Company ("Edison") for the procurement by Edison, from the Company, of up to 120 megawatts of wind powered electrical generation. The agreement is for a period of 20 years. Due to confidentiality provisions in the agreement, the price per kilowatt hour and capacity factor are to remain confidential however, for the purpose of public disclosure, the gross yearly revenues to the Company for this contract, including tax credits, will be between US $24.2 – $28.6 million per year and will have an aggregate value over 20 years, of between US $480 – $560 million. The location of the wind energy facilities will be in the Tehachapi Pass Wind Park.

On March 17, 2005, the Company announced that it had closed the second tranche of the non-brokered private placement announced in the Company's news release of February 9, 2005. The Company issued 540,853 units at a price of $0.82 per unit. Each unit is comprised of one common share and one share purchase warrant. One warrant will entitle the holder to purchase one common share at a price of $1.03 per share until March 9, 2007. The hold periods for the units and the underlying securities expire on July 10, 2005. The final tranche of 500,000 units closed on March 31, 2005. The hold period on these units expires on July 31, 2005.

On April 5, 2005, the Company announced that it had authorized the establishment of a Shareholder Rights Plan Agreement effective as of April 5, 2005. Although the Rights Plan is effective upon its adoption, in accordance with stock exchange requirements, it will be submitted to the shareholders for ratification at the Company's Annual and Extraordinary general meeting scheduled to be held on July 22, 2005. The Agreement has a term of 10 years, subject to confirmation by the shareholders of the Company at annual meetings immediately following the fifth and eighth anniversaries of the Effective Date. The Rights Plan is designed to ensure that all shareholders receive equal treatment and to maximize shareholder values in the event of a take-over bid or other acquisition that could lead to the change in control of the Company. It is not intended to deter take-over bids. The Rights Plan is intended to provide time for shareholders to properly assess any takeover bid and to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value, including, if considered appropriate, identifying and locating other potential bidders. In making the announcement, the Company was not aware of any pending or threatened take-over bid for the Company.

On May 16, 2005, the Company announced that The Manufacturers Life Insurance Company ("Manulife") is prepared to provide $29.7 million of construction and term debt financing for the 20 MW Dark Harbor Wind Farm in New Brunswick, subject to the satisfaction of certain conditions.

The balance of the project financing, $8.2 million (not including letter of credit of $1.5 million for the debt service reserve account), will be obtained by way of a private placement of the equity of Western Wind Energy Corporation. Such private placement may be in the form of common shares and convertible preferred shares. Western Wind is seeking to offer these securities to select institutional and accredited investors.

Western Wind continues to work with Clean Power Income Fund on the equity portion of the financing and is committed to working with Clean Power in the wind energy sector.

On May 16, 2005, the Company announced that Mr. Ron Gross had been appointed to the Company as Vice-President, Capital Markets. Mr. Gross has 20 years experience in the Institutional Research and Equity markets during which he developed long term, significant relationships with Tier-One Institutional Investors in Boston, New York City, and San Francisco. His experience includes being the Lead Institutional participant in over 20 IPO's and secondary's in a diverse range of companies and industries. Clients include three of Nelson's top performing micro-cap and small-cap managers over the past 15 years. The Company granted Mr. Gross 250,000 share purchase options at a price of $1.65 per share subject to regulatory approval.

The Company has no contingent liabilities, nor is it in default of any debt.

A former employee of Eastern Wind Power is suing the subsidiary for the right to exercise 50,000 options at $0.80. The Company has filed a Statement of Defence and Counterclaim.

A US citizen had filed a Statement of Claim in Pima County, Arizona, asking for compensation for services rendered. Management considers the action frivolous and vexatious in its nature and will defend itself vigorously. A hearing was heard in Arizona, and the proceeding subsequently dismissed.

As at the date of this Report, the Company was in good standing under all corporate and securities laws by which it is governed.

Other MD&A Requirements

Additional information relating to the Company is available on Sedar at www.sedar.com.

Additional Disclosure for Venture Issuers Without Significant Revenue

Comparative Consolidated Statement of Operations

	Year Ended January 31, 2005	**Year Ended January 31, 2004**
Amortization - discount on promissory note		20,247
Amortization – equipment	32,157	15,306
Amortization - deferred charges		2,625
Automotive	45,631	32,976
Consulting	17,025	
Financing charge	72,500	
Interest expenses	13,026	19,035
Listing and filing	28,844	16,543
Management fees	142,200	79,000
Office and miscellaneous	94,652	75,840
Professional fees	246,393	279,910
Project investigation costs	873,481	580,874
Promotion	51,680	7,700
Rent	21,215	17,700
Secretarial	33,244	37,750
Sponsorship fees	8,423	304
Stock-based compensation	900,466	321,541
Telephone	29,304	11,114

	Year Ended January 31, 2005	Year Ended January 31, 2004
Travel	91,289	86,869
Write off of land lease	102,375	
	2,803,905	1,605,334

Disclosure of Outstanding Share Data

Summary of Securities Issued During the Period

Type of Security	Type of Issue	Total Number	Proceeds	Type of Consideration	Price
Common	Private Placement	315,500	$397,250	Cash	$1.50
Common	Warrants	85,000	$110,500	Cash	$1.30
Common	Bonus	15,000	$22,500 (deemed)	Loan Bonus	$1.50 (deemed)
Common	Warrants	1,797,533	$1,470,770	Cash	$0.50 - $1.30 per share
Common	Stock Options	207,500	$64,375	Cash	$0.20 -$0.35 per share
Common	Loan	15,000	$22,500 (deemed)	Loan Bonus	$1.50 (deemed)
Common	Private Placement	21,000	$57,000	Cash	$3.00 per unit
Common	Private Placement	315,500	$397,250	Cash	$1.50 per unit
Common	Private Placement	116,661	$173,142	Cash	$1.50 per unit
Common	Bonus	31,250	$40,000 (deemed)	Loan Bonus	$1.28 (deemed)

(Net of Share Issuance Cost)

Summary of Options Granted During the Period

Name of Optionee	Date Option Granted	Total Number	Expiry Date	Price
Michael Boyd	May 20, 2004	200,000	May 20, 2009	$1.44
Bryan Rowntree	May 25, 2004	100,000	May 25, 2009	$1.44
Dale	June 11, 2004	25,000	June 11, 2009	$1.52

Rondeau				
Audrey Colletti	June 11, 2004	25,000	June 11, 2009	$1.52
Eurowind S.A.	September 2, 2004	250,000	September 2, 2009	$1.40

Summary of Marketable Securities Held at the End of the Period

Nil

Summary of Securities as at the End of the Reporting Period:

Description of the Authorized Capital

Authorized Capital: 100,000,000 common shares without par value

Issued and Outstanding: 14,645,935 common shares

Number and Recorded Value for Shares Issued and Outstanding

At January 31, 2005, the Company had 14,645,935 shares outstanding having a paid up value of $0.61 per share ($8,981,033).

Description of Options, Warrants and Convertible Securities Outstanding

Type of Security	Number or Amount	Exercise or Conversion Price	Expiry Date
Stock Options	55,000	$0.20	June 5, 2006
Stock Options	200,000	$0.80	July 31, 2007
Stock Options	100,000	$0.86	November 4, 2007
Stock Options	500,000	$1.20	February 20, 2007
Stock Options	100,000	$1.05	June 25, 2008
Stock Options	200,000	$2.40	October 31, 2008
Stock Options	400,000	$2.40	October 31, 2008
Stock Options	50,000	$2.55	November 10, 2008
Stock Options	200,000	$1.44	May 20, 2009
Stock Options	100,000	$1.44	May 25, 2009
Stock Options	50,000	$1.52	June 11, 2009
Stock Options	250,000	$1.40	September 2, 2009
Warrants	356,900	$1.60	May 5, 2005
Warrants	579,500	$1.60	September 15, 2005
Warrants	40,000	$1.60	October 6, 2005
Warrants	215,333	$3.50 ($1^{st}$ Year)	January 28, 2005
		$4.00 ($2^{nd}$ Year)	January 28, 2006
Warrants	21,000	$3.50 ($1^{st}$ Year)	February 4, 2005
		$4.00 ($2^{nd}$ Year)	February 4, 2006

Warrants	15,000	$1.80 (1st Year)	August 16, 2005
		$2.10 (2nd Year)	August 16, 2006
Warrants	315,500	$1.80 (1st Year)	September 3, 2005
		$2.10 (2nd Year)	September 3, 2006
Warrants	116,661	$1.80 (1st Year)	December 13, 2005
		$2.10 (2nd Year)	December 13, 2006

Total Number of Shares in Escrow or Subject to a Pooling Agreement

750,000 common shares are held in escrow pursuant to an escrow agreement dated April 29, 1999.
200,000 common shares are held in escrow pursuant to an escrow agreement dated Feb. 18, 2002.
950,000