

Western Wind Energy Corp.
Consolidated Financial Statements
(Expressed in Canadian Dollars)
October 31, 2007

**NOTICE OF NO AUDITOR REVIEW OF FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2007**

In accordance with National Policy 51-102, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the nine months ended October 31, 2007.

Western Wind Energy Corp.
Consolidated Balance Sheets
October 31, 2007 and January 31, 2007
(Expressed in Canadian Dollars)

	Note	October 31 2007	January 31 2007
Assets			
Current			
Cash		\$ 1,813,981	\$ 42,506
Accounts receivable		535,111	694,001
Refundable tax credits		112,041	68,624
Income taxes refundable		227,176	264,768
Prepaid expenses and deposits		<u>147,976</u>	<u>238,234</u>
Total current assets		2,836,285	1,308,133
Restricted cash	3	1,065,553	1,194,530
Construction in progress	4	420,007	262,697
Property and equipment deposits	5	29,786	30,411
Property and equipment	6	18,441,680	23,355,314
Goodwill and other intangible assets	8	3,536,401	4,409,958
Discontinued operations	14	<u>-</u>	<u>13,472</u>
Total Assets		<u>\$ 26,329,712</u>	<u>\$ 30,574,515</u>
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 3,030,365	\$ 2,693,436
Loans payable, current portion	9	<u>13,373,746</u>	<u>17,456,429</u>
Total current liabilities		16,404,111	20,149,865
Loans payable	9	563,062	545,236
Asset retirement obligation	10	872,642	1,030,000
Future income tax liability	13	4,123,790	5,726,251
Discontinued operations	14	<u>585,435</u>	<u>1,134,194</u>
Total liabilities		<u>25,549,040</u>	<u>28,585,546</u>
Commitments	17		
Contingencies	18		
Subsequent events	21		
Shareholders' Equity			
Share capital	11, 18(c)	24,829,330	21,879,587
Share subscriptions (receivable) received in advance	15	231,719	165,500
Contributed surplus	12	5,593,793	3,710,094
Deferred share bonus expense	15	-	(83,920)
Cumulative currency translation adjustment		(2,483,860)	473,098
Deficit accumulated in development stage		<u>(24,390,310)</u>	<u>(24,155,390)</u>
		<u>3,780,672</u>	<u>1,988,969</u>
Total Liabilities and Shareholders' Equity		<u>\$ 26,329,712</u>	<u>\$ 30,574,515</u>

Nature of Business and Continued Operations 1
The accompanying notes are an integral part of these financial statements

On behalf of the board: "Jeff Ciachurski"

"Claus Andrup"

Jeffrey Ciachurski
(Director)

Claus Andrup
(Director)

Western Wind Energy Corp.
Consolidated Statements of Operations and Deficit
For the Nine Months Ended October 31, 2007 and 2006
(Expressed in Canadian Dollars)

	Note	Three Months Ended October 31,		Nine Months Ended October 31,	
		2007	2006	2007	2006
Revenues					
Energy sales		\$ 817,266	\$ 861,471	\$ 3,982,706	\$ 912,298
Operating expenses					
Advertising and promotion		83,102	26,149	114,096	132,841
Amortization		626,868	1,078,033	1,797,732	1,098,527
Asset retirement obligation	10	16,065	-	52,638	-
Bonuses	15	-	78,584	83,920	235,752
Consulting and directors' fees	15	227,486	257,644	715,497	577,070
Financing costs	15	89,250	-	89,250	-
Foreign exchange (gain)/ loss		(2,053,336)	96,298	(3,675,961)	(52,079)
Interest and accretion on long term debt	15	534,440	507,735	1,517,523	530,432
Management fees	15	87,789	45,000	177,789	135,000
Office and secretarial	15	167,679	47,579	229,487	132,913
Plant operating expenses		385,748	721,279	1,384,652	777,655
Professional fees		316,607	396,855	1,212,527	607,573
Project costs		284,060	-	421,473	-
Regulatory fees		12,460	7,411	32,882	20,539
Stock-based compensation	11	261,652	318,251	372,482	328,510
Travel and automotive		103,076	100,916	280,954	212,066
Total operating expenses		1,142,946	3,681,734	4,806,941	4,736,798
Loss from operations		(325,680)	(2,820,263)	(824,235)	(3,824,502)
Interest income		8,720	40,837	53,211	89,255
Income (loss) from continuing operations before income taxes		(316,960)	(2,779,426)	(771,024)	(3,735,247)
Income tax (recovery)		(165,198)	-	(541,287)	-
Income (loss) from continuing operations after income taxes		(151,762)	(2,779,426)	(229,737)	(3,735,247)
Income (loss) from discontinued operations		20,982	(942,593)	(5,183)	(1,026,213)
Income (loss) for the period		\$ (130,780)	\$ (3,722,019)	\$ (234,920)	\$ (4,761,460)
Deficit, beginning of period		(24,259,530)	(13,362,372)	(24,155,390)	(12,322,931)
Deficit, end of period		(24,390,310)	(17,084,391)	(24,390,310)	(17,084,391)
Loss per share as reported - basic and fully diluted:		\$ (0.01)	\$ (0.16)	\$ (0.02)	\$ (0.20)
Common shares used in computing basic and diluted net loss per share (note 2n)		26,184,578	23,754,789	25,698,375	23,754,789

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

Western Wind Energy Corp.
Consolidated Statements of Cash Flows
For the Nine Months Ended October 31, 2007 and 2006
(Expressed in Canadian Dollars)

	Nine Months Ended October 31,	
	2007	2006
Cash flows from (used in) operations		
Income (loss) loss for the period		
Add: Items not involving cash	\$ (234,920)	\$ (4,761,460)
Amortization	1,797,732	1,098,527
Asset retirement obligation	52,638	
Bonuses paid in shares	83,920	235,752
Financing fees paid in common shares and equity rights	89,250	-
Accretion of fair value of conversion option	77,894	-
Stock based compensation	372,482	535,416
Future income taxes	(541,287)	-
Other		
Change in non-cash working capital items		
Accounts receivable	28,998	-
Refundable tax credits	(43,417)	(265,616)
Income taxes refundable	(17,858)	(8,883)
Prepaid expenses and deposits	64,100	(92,570)
Accounts payable and accrued liabilities	555,438	2,318,669
Discontinued operations	(535,287)	(2,566,073)
Net cash proved by (used in) operating activities	1,749,683	(3,506,238)
Cash flows provided by (used in) financing activities		
Shares and warrants issued for cash	4,294,430	218,690
Loans payable and conversion rights	(4,147,944)	15,172,428
Advances (repayments to) related party	-	(407,209)
Net cash provided by (used in) financing activities	146,486	14,983,909
Cash flow provided by (used in) investing activities		
Purchase of property and equipment	(82,996)	(1,017,535)
Investment in Mesa Wind Farm	-	(15,535,623)
Construction in progress	(171,300)	(145,461)
Property and equipment deposits	624	(1,162,800)
Restricted cash	128,978	-
Net cash used in investing activities	(124,694)	(17,288,841)
Increase (decrease) in cash	1,771,475	(5,811,170)
Cash, beginning of period	42,506	5,922,795
Cash, end of period	\$ 1,813,981	\$ 111,625

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

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

1. Nature of Business and Continued Operations

Western Wind Energy Corp. (the "Company") is in the business of developing and operating wind energy projects on properties either owned or leased by the Company in California and Arizona. The Company holds these wind farm properties in North America through its wholly owned subsidiaries Verde Resources Corporation ("Verde"), Aero Energy, LLC ("Aero") and Mesa Wind Power Corporation ("Mesa Wind"). The Company has incorporated a wholly-owned subsidiary, Western Solargenics, Inc. to develop solar energy projects.

For the year ended January 31, 2007, the Company was a development stage company. The Company owns a 29.9 MW wind farm that generated US\$4 million in revenues in the first 12 months since the acquisition on July 25, 2006.

During the year ended January 31, 2007, New Brunswick Power and Arizona Public Service terminated power purchase agreements and the Company wrote off its investments in these projects and incurred losses totalling \$6,163,061 (note 14). As a result, the operations of the wholly-owned subsidiary that operated in New Brunswick, Eastern Wind Power Inc. ("EWP"), and the operations of its 49% owned affiliate Steel Park, LLC that was developing the Steel Park 15 MW Project in Arizona have been discontinued.

The Company is the subject of several lawsuits with Pacific Hydro as detailed in the notes 18(b), 18(c) and 18(d). On September 28, 2007, the Company entered a Settlement Agreement with Pacific Hydro as detailed in note 16 that provided for settlement of the lawsuits described in notes 18(b), 18(c) and 18(d) and the termination of the business relationship between the parties. The Settlement Agreement calls for the repayment of the Mesa Wind Acquisition Loan by April 28, 2008. If the Mesa Acquisition Loan is not repaid, the Company's common shares of Mesa Wind will be transferred to Pacific Hydro as full satisfaction of the Mesa Acquisition Loan.

At October 31, 2007, the Company had a working capital deficiency of \$13,567,826, shareholders' equity of \$3,808,982 and a deficit accumulated since the commencement of operation of \$24,504,923. For the nine months ended October 31, 2007, the loss was reduced by foreign exchange gains of \$3,528,865 resulting from the loss in value of the United States dollar.

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 are dependent upon the ability of the Company to obtain necessary financing to repay the loan of US\$13,400,000 (note 9) from Pacific Hydro, to complete the development and construction of the wind generated electrical projects and fund corporate overhead costs until future operations are profitable. Management's plan in this regard is to raise debt and/or equity financing as required.

2. Significant Accounting Policies

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiary, EWP, and wholly-owned U.S. subsidiaries, Verde, Aero and Mesa Wind. All significant inter-company accounts and transactions have been eliminated.

b) Basis of Presentation

The Company commenced commercial operations with the acquisition of the Mesa Wind Farm and has generated revenues over \$4,750,000 for the twelve months ended October 31, 2007. . It has not completed the development of any wind projects and its development activities with respect to these new projects are continuing. Prior to the current fiscal year, the Company was considered to be in the development stage and presented its financial statements in accordance with CICA Accounting Guidelines 11, "Enterprises in the development stage.

c) 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses reported during the period. Actual results may differ from those estimates.

d) Cash

Cash consists of cash on deposit with banks.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

e) Accounts receivable

Accounts receivable are recorded at face value less any provision for uncollectible amounts that are considered necessary. The Company records an allowance for doubtful accounts for any account receivable that management believes is impaired. The Company considers the knowledge of the financial conditions of the customers, aging of accounts receivables, the current business environment and historical collection experience.

f) Restricted Cash

Cash reserves segregated from the Company's cash balances secure a letter of credit. The funds are disclosed separately since the funds cannot be accessed until the expiry of the letter of credit.

g) Property and Equipment

Land is recorded at cost plus site investigation, legal and title insurance costs. Generating facilities include wind turbines, electrical infrastructure, buildings and roads. Meteorological towers include wind equipment used for wind assessments during the development stage.

Depreciable assets are recorded at cost less accumulated amortization. Amortization of these assets is calculated using the straight line method over the estimated useful life and is based on the cost of the assets less estimated salvage values and, in the year of acquisition, depreciation is based on one-half of the full year depreciation for depreciable assets excluding generating facilities and land right-of-way.

The land right of way is recorded at cost less accumulated amortization. The amortization rates are as follows:

Land right-of-way	6.5 years
Generating facilities	6.5 to 7.4 years
Meteorological towers	5 years
Furniture and equipment	5 years
Vehicles	5 years

h) Construction in Progress

Construction in progress are costs incurred to assess the feasibility of wind farm sites and secure property rights. These costs include costs paid to third parties and financing costs directly related to the project. 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 and construction of such projects, meet its obligations under various agreements and the success of future operations or dispositions. As at October 31, 2007, the Company has not commenced full scale commercial operations of any projects.

i) Income Taxes

Income taxes are accounted for under the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply when the asset is realized or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

j) Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment losses are recognized when the carrying amount of long-lived assets exceed the sum of the undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. The impairment loss is determined as the amount by which the long-lived asset's carrying amount exceeds its fair value.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

k) 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 adjusted at least annually 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 October 31, 2007, the Company had an asset retirement obligation with respect to a right of way that is owned by Mesa Wind.

l) Foreign Currency Transactions

Transactions in foreign currencies are translated into the currency of measurement at the exchange rate in effect at the time of the transaction. 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 the income statement.

m) Foreign Currency Translation

Integrated Foreign Operations

Verde and Aero are classified as integrated foreign operations. Consequently, their monetary assets and liabilities have been converted to Canadian dollars using the exchange rate in effect at the balance sheet date. All other assets and liabilities are converted at historical rates. Revenues and expenses are translated at the average exchange rates for the year except depreciation, which is translated at the historical rate applicable to the related asset. Translation exchange gains and losses are included in the loss for the year.

Self-Sustaining Foreign Operations

Mesa Wind is classified as self-sustaining. Consequently, its assets and liabilities are translated to Canadian dollars using the exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the average rates during the year. Exchange gains or losses on translation of the Corporation's net investment in the operations are deferred as a separate component of shareholders' equity (currency translation adjustment). The appropriate amounts of exchange gains or losses accumulated in the separate component of shareholders' equity are reflected in income when there is a reduction in the Corporation's net investment in the operations that gave rise to such exchange gains and losses.

n) Loss per Share

Loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts would be 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, if the company had positive net earnings. 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 loss per share until the conditions for their release are satisfied.

As the Company incurred losses for the nine months ended October 31, 2007 and 2006, the stock options and share purchase warrants, as disclosed in note 11, were not included in the computation of loss per share as their inclusion would have been anti-dilutive.

o) Stock-based Compensation

The Company follows the Canadian Institute of Chartered Accountants' Handbook ("CICA") section 3870 for Stock-Based Compensation and Other Stock-Based Payments. Under CICA 3870, all stock option awards granted to consultants or employees and directors require the application of the fair value method. All stock option awards granted to after January 31, 2002 have been accounted for using the fair value method.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

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 and is recorded as stock-based compensation expense over the vesting period of the stock options.

p) Goodwill and Other Intangible Assets

The Company has recorded goodwill and other intangible assets related to the acquisition of the Mesa Wind Farm. The acquisition was accounted for using the purchase method of accounting. Goodwill is tested for impairment at least annually. Goodwill impairment is assessed based on a comparison of the fair value of an individual reporting unit to the underlying carrying value of the reporting unit's net assets including goodwill. When the carrying amount of the reporting unit exceeds its fair value, the fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The fair value of goodwill is determined in the same manner as in a business combination.

Other intangible assets include amounts allocated to power purchase agreements and are amortized over the remaining term of the power purchase agreements.

q) Revenue Recognition

Revenue derived from the sale of energy in the form of electricity is recognized on the accrual basis at the time electricity is delivered at the point of interconnection to the utility and at rates pursuant to the relevant power purchase document.

r) Financial Instruments

All financing instruments are recognized at fair value on the balance sheet. Unrealized gains and losses on trading financial assets are recognized in earnings. Gains and losses on available for sale financial assets are recognized in other comprehensive income and are transferred to earnings when the assets are disposed off.

The Company has made the following classifications:

Cash and cash equivalents are classified as financial assets held for trading and are measured at fair value. Gains and losses related to periodic revaluation are recorded in net income.

Accounts receivable are measured at fair value and subsequent periodic revaluations are recorded in net income.

Accounts payable and accrued liabilities and long-term debt (including current portion) are classified as other liabilities and are initially measured at fair value and subsequent periodic revaluations are recorded in net income.

s) Comprehensive Income

Comprehensive income consists of net earnings and other comprehensive income. Other comprehensive income consists of changes in the fair value of available for sale financial instruments, net of income tax.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

3. Restricted Cash

	October 31	January 31
	2007	2007
Term deposit and accrued interest	<u>\$1,065,553</u>	<u>\$ 1,194,530</u>

The Company has pledged \$980,530 (US\$1,037,927) to secure a US\$1,000,000 letter of credit to Southern California Edison as required by the Power Purchase Agreement dated March 5, 2005 and \$85,023 (US\$90,000) to secure a US\$90,000 letter of credit to Southern California Edison for a performance bond on the 2007 Request for Proposal.

4. Construction in Progress

	Windstar		Mesa Wind		Total
	120 MW		50 MW		
October 31, 2007					
Balance, beginning of period	\$ 222,632	\$	40,065	\$	262,697
Additions	115,745		55,438		171,183
Foreign exchange difference			(13,873)		(13,873)
Balance, end of period	<u>\$ 338,377</u>	<u>\$</u>	<u>81,630</u>	<u>\$</u>	<u>420,007</u>
January 31, 2007					
Balance, beginning of year	\$ 98,529	\$	-	\$	98,529
Additions	124,103		40,065		164,168
Balance, end of year	<u>\$ 222,632</u>	<u>\$</u>	<u>40,065</u>	<u>\$</u>	<u>262,697</u>

The Company has interests in the Windstar 120 MW and Mesa Wind 50 MW wind farm projects. The Steel Park 15 MW and Grand Manan 20 MW projects have been terminated and the losses have been recognized as losses from discontinued operations (note 14).

Windstar 120 MW Project

In March 7, 2005, the Company's wholly owned subsidiary, Aero, entered into a formal power purchase agreement with Southern California Edison Company for the sale of the available output of up to 120 MW's of wind power for a period of 20 years from its new wind farm to be located in Tehachapi, California. The power purchase agreement requires that the facility be completed by December 31, 2008. The power purchase agreement with Southern California Edison provides for termination if turbine prices exceed \$850 per kW and release of the US\$1 million letter of credit (note 3).

Mesa Wind – 50 MW Redevelopment Project

On October 25, 2006, the Company purchased the Mesa Wind Project with a view of operating the project until a new right-of-way was negotiated with the Bureau of Land Management and satisfactory development work was completed so that the site can be redeveloped to 50 MW's.

The Company has incurred initial development costs on these projects for environmental impact and wind studies with respect to placement of the wind turbines, title insurance and preliminary engineering and transmission studies related to interconnection and provided US\$1,090,000 in letters of credit.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

5. Property and Equipment Deposits

October 31	January 31
2007	2007
<u>\$ 29,786</u>	<u>\$ 30,411</u>

Windstar

On August 4, 2006, the Company entered into an agreement to purchase land for \$236,175 (US\$250,000) and made a deposit of \$23,618 (US\$25,000) to the escrow agent. The agreement was amended in August 2007 to provide for a payment of an additional \$47,217 (US\$50,000) on closing and vendor financing of \$141,705 (US\$150,000) payable in two annual instalments of \$70,853 (US\$75,000) with interest payable monthly at 6.5% per year. The transaction was completed on November 1, 2007.

6. Property and Equipment

	Cost	Accumulated Depreciation	Net Book Value
October 31, 2007			
Land	\$ 5,386,757	\$ -	\$ 5,386,757
Land right-of-way	348,432	67,006	281,426
Generating facilities	15,144,166	2,546,728	12,597,438
Meteorological towers	169,317	104,648	64,669
Furniture and equipment	36,195	20,608	15,587
Vehicles	127,738	31,935	95,803
	<u>\$ 21,212,605</u>	<u>\$ 2,770,925</u>	<u>\$ 18,441,680</u>
January 31, 2007			
Land	\$ 5,323,725	\$ -	\$ 5,323,725
Land right-of-way	434,110	33,393	400,717
Generating facilities	18,726,606	1,321,780	17,404,826
Meteorological towers	169,317	79,250	90,067
Furniture and equipment	36,195	15,179	21,016
Vehicles	127,737	12,774	114,963
	<u>\$ 24,817,690</u>	<u>\$ 1,462,376</u>	<u>\$ 23,355,314</u>

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

7. Acquisition of Wind Farms

Windridge, Inc.

On February 17, 2006, the Company acquired the assets of Windridge, Inc for \$952,133 (US\$825,000) plus \$98,097 (US\$84,999) in environment, surveying and legal fees. The purchased assets include approximately 196 acres of land, 43 wind turbines, electrical infrastructure and the assignment of a power purchase agreement with Southern California Edison expiring on December 7, 2014.

The Company has allocated the purchase price as follows:

Land	\$ 568,509
Generating facilities	447,098
Power purchase agreement	<u>34,623</u>
	<u>\$1,050,230</u>

The Company has included the revenues and expenses of the Windridge Wind Farm in its Statement of Operations from February 17, 2006.

PAMC Management Corporation

On July 25, 2006, the Company merged PAMC Corporation ("PAMC") with its wholly-owned subsidiary Mesa Wind Power Corporation to form Mesa Wind Power Corp. and became the sole shareholder of Mesa Wind Power Corp. upon closing the transaction. As a result of the merger, the Company acquired PAMC for \$15,294,760 (US\$13,400,000) and incurred \$240,899 (US\$211,056) in costs related to the transaction. PAMC's assets included a right of way for 440 acres of land from the Bureau of Land Management expiring on January 26, 2013, 460 wind turbines, electrical facilities and buildings and a Reformed Standard Offer 1 Power Purchase Agreement with Southern California Edison expiring on June 22, 2010. The right of way grants the holder the right to enter into a new 30 year right of way if the lease is in good standing. The Company assumed an asset retirement obligation of \$998,846 (US\$875,106).

The Company has allocated the purchase price as follows:

Generating facilities	\$ 17,700,299
Land right of way	420,980
Goodwill	4,217,470
Power purchase agreement	<u>34,242</u>
	<u>22,372,991</u>
Less	
Future income tax liability	5,913,510
Asset retirement obligation	<u>924,858</u>
	<u>6,838,368</u>
	15,534,623
Cash	<u>1,036</u>
	<u>\$ 15,535,659</u>

The Statement of Operations includes the revenues and expenses of the Mesa Wind Farm from July 25, 2006 (see note 18(b)).

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

8. Goodwill and Other Intangible assets

			October 31		January 31	
			2007		2007	
	Cost	Accumulated Amortization	Net Book	Net Book	Net Book	Net Book
Goodwill	\$ 3,490,664	\$ -	\$ 3,490,664	\$ 3,490,664	\$ 4,349,012	\$ 4,349,012
Power purchase agreements	62,964	17,227	45,737	45,737	60,946	60,946
	\$ 3,553,628	\$ 17,227	\$ 3,536,401	\$ 3,536,401	\$ 4,409,958	\$ 4,409,958

9. Loans Payable

	October 31, 2007	January 31, 2007
Windridge Acquisition Loan	\$ 228,407	214,395
Windstar Mortgages	221,710	320,046
Mesa Wind Acquisition Loan	12,658,980	15,771,800
Kingman Mortgages	779,378	971,025
River Springs, Arizona Mortgage	9,633	15,206
Loan from related party	-	630,000
Finance Contracts	38,700	79,193
	13,936,808	18,001,665
Less: current portion	13,373,746	17,456,429
	\$ 563,062	545,236

Windridge Acquisition Loan

The Company entered into an agreement dated June 30, 2005 to purchase land, wind turbines, electrical infrastructure and an assignment of a power purchase agreement expiring in 2014 for \$879,203 (US\$825,000). The purchase was financed by a mortgage of \$293,068 (US\$275,000) with interest payable annually at the rate of 8% and principal due on February 16, 2008. The loan and accrued interest is convertible into common shares, at the option of the holder, at a price of US\$1.40 per share and accrued interest is convertible at the closing price of the common shares at the date that the note is converted. The note is redeemable by the Company upon 30 days notice. The loan is secured by a first charge on the land.

The loan is recorded at its fair value of \$228,407. The difference between the fair value and loan amount of \$31,386 has been recorded as contributed surplus. The loan is being accreted so that the loan amount on maturity will equal the original balance and the difference between the fair value and the initial loan amount of \$31,386 is being charged to interest expense over the term of the loan. During the nine months ended October 31, 2007, the Company accreted \$77,894 in interest expense.

Windstar Mortgages

The Company entered into mortgages to finance the purchase of land in Tehachapi, California for \$221,710 (US\$234,689). The mortgages are repayable in blended monthly payments of \$4,868 (US\$5,153) with interest at rates from 6.5% to 8% and with terms of 3 to 7 years. The mortgages are secured by first charges on the land.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

9. Loans Payable (Continued)

Mesa Wind Acquisition Loan

The acquisition of PAMC was financed by a loan of \$12,658,980 (US\$13,400,000) from Pacific Hydro Limited. Pacific Hydro was granted a right to subscribe to US\$7,000,000 pursuant to a new share private placement. Pacific Hydro did not elect to subscribe to the private placement and the loan was repayable on December 31, 2006 with interest at LIBOR plus 6%. The loan is secured by the common shares of Mesa Wind Power Corp. and a charge on all of its assets. If the Company failed to repay the loan, the ownership of the shares of Mesa Wind was to be transferred to Pacific Hydro Limited.

Pacific Hydro commenced litigation to order the immediate transfer of the common shares of Mesa Wind Power Corporation. The Company issued a Statement of Defence and Counterclaim that alleges that Pacific Hydro obstructed its ability to raise equity and debt financing to repay the loan and to have the Maturity Date extended to six months after the settlement of litigation between the two parties (note 18(b)).

On September 28, 2007, the Company entered into a Settlement Agreement with Pacific Hydro and on November 28, 2007, Phase II of the Settlement Agreement was completed. Phase II closing requires that the common shares of Mesa Wind and the resignations of Mesa Wind's officers and directors be placed in escrow ("Mesa Deposit") until the earlier of the repayment of the Mesa Wind Acquisition Loan and April 28, 2008. If the Mesa Acquisition Loan is repaid, the common shares of Mesa Wind will be returned to the Company. If the Mesa Acquisition Loan is not repaid the common shares of Mesa Wind will be transferred to Pacific Hydro as full satisfaction of the Mesa Acquisition Loan.

The accrued interest on the Mesa Wind Acquisition Loan from July 25, 2006 to October 31, 2007 is \$1,700,348 (US\$1,799,882).

Kingman Mortgages

The Company entered into the \$779,378 (US\$825,000) Kingman Acquisition Loan, secured by a first charge on the property, with the vendor of the land. The Kingman Acquisition Loan was repayable on June 6, 2007 with interest at 7% per year. On June 6, 2007, the Kingman Acquisition Loan was renegotiated and \$389,689 (US\$412,500) was extended to December 6, 2007. The Company paid a renegotiation fee of \$19,839 (US\$21,000) and accrued interest on the loan. At October 31, 2007, accrued interest on the Kingman Acquisition Loan amounted to \$10,986 (US\$11,629).

On June 6, 2007, the Company obtained a second mortgage of \$439,601 (US\$412,500) from a significant shareholder to repay a portion of the Kingman Acquisition Loan. The second mortgage bears interest at 12%, is secured by a second charge on the property and is due on Oct 1, 2009. Interest is payable monthly and 119,000 bonus shares were issued to the lender on October 11, 2007 at a deemed value of \$0.75 per share for a total cost of \$89,250.

River Springs Ranch, Arizona Mortgage

The loan of \$9,634 (US\$10,198) is repayable in monthly payments of \$184 (US\$173) including interest at 11% per year and service fees and is secured by a first charge on the land. The Company intends to repay the loan prior to January 31, 2008.

Loan Payable to Related Party to Purchase Kingman, Arizona Land

The Company entered into a loan agreement on November 30, 2006 and amended on January 4, 2007 with the spouse of an officer and director to borrow \$630,000. The terms of the loan agreement provide for interest to be paid at LIBOR plus 5.98% and for a maturity of two years. In addition, the Company paid the spouse of the officer and director a bonus of 146,500 shares at a deemed price of \$0.86 per common share. The loan was repaid with accrued interest on October 23, 2007.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

9. Loans Payable (Continued)

Finance Contracts

The Company has finance contracts totalling \$38,700 (US\$40,966) to acquire four trucks for the Mesa Wind Project. The finance contracts are secured by a charge on the vehicles and are repayable at \$2,037 (US\$2,156) per month without interest.

Interest on long term debt for the nine months ended October 31, 2007 amounted to \$1,577,360 and \$594,277 for the three months ended October 31, 2007.

Principal payments due in the next five years and thereafter are as follows:

2008	\$	13,373,746
2009		442,378
2010		28,270
2011		27,951
2012		29,778
Thereafter		34,685
	\$	<u>13,936,808</u>

10. Asset Retirement Obligation

On October 25, 2006, the Company acquired a Bureau of Land Management that will expire on January 26, 2013. The right of way requires the Company to submit a site reclamation plan and to remove all buildings, equipment, machinery and materials from the site 30 days after the expiration of the right of way unless renewed by the Company.

The changes in the asset retirement obligation liability are as follows:

	<u>October 31, 2007</u>	<u>January 31, 2007</u>
Balance, beginning of period	\$ 1,030,000	\$ -
Additions	-	924,858
Accretion	52,638	73,742
Foreign exchange adjustment	(209,996)	31,400
Balance, end of period	<u>\$ 872,642</u>	<u>\$ 1,030,000</u>

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

11. Share Capital

- a) Authorized: Unlimited common shares without par value.
Unlimited class A preferred shares without par value.
- b) Issued: Common shares

	Shares	Amount
Balance, January 31, 2005	14,645,935	\$ 8,981,033
Private placement at \$0.82 per unit net of issuance costs of \$15,000	1,181,148	953,540
Exercise of warrants at \$1.60	227,000	363,200
Exercise of options at \$0.20	55,000	11,000
Exercise of warrants at \$1.80	5,000	9,000
Private placement at \$1.50 per unit net of issuance costs of \$109,520	6,856,133	10,174,680
Exercise of options at \$1.20	30,000	36,000
Exercise of warrants at \$1.03	365,853	376,829
Bonus shares at a value of \$1.50 per share	83,290	124,935
Issue of share to pay bonus at a value of \$1.64 per share	182,930	300,000
Bonus shares at a deemed price of \$1.60	82,500	132,000
Transfer from contributed surplus on exercise of options	-	27,900
	9,068,854	12,509,084
Balance, January 31, 2006	23,714,789	21,490,117
Exercise of warrants at \$2.10 per share	16,000	33,600
Exercise of warrants at \$1.80 per share	27,000	48,600
Private placement at \$1.20 per unit net of issuance cost of \$14,090	137,416	150,810
Allocation of fair value of warrants	-	(49,870)
Exercise of warrants at \$1.03 per share	78,000	80,340
Bonus shares at a value of \$0.86 per share	146,500	125,990
	404,916	389,470
Balance, January 31, 2007	24,119,705	21,879,587

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

11. Share Capital (Continued)

Balance, January 31, 2007	<u>24,119,705</u>	<u>21,879,587</u>
Debt settlement at a value of \$0.80 per share	179,375	143,500
Private placement at \$0.90 per unit net of issuance costs of \$51,000	732,000	607,800
Private placement of 107,779 units at \$0.90	107,779	97,001
Private placement of 165,000 units at \$1.00	165,000	165,000
Private placement of 2,086,400 shares at \$1.40 per unit net of issuance costs of \$480,388	2,086,400	2,440,572
Exercise of options at \$0.86 per share	50,000	43,000
Exercise of warrants at \$1.03 per share	712,000	733,360
Exercise of warrants at \$1.05 per share	24,950	26,198
Transfer from contributed surplus on exercise of options	-	48,153
Transfer from contributed surplus on exercise of warrants	-	7,939
Allocation of fair value of warrants	-	(1,452,030)
Bonus shares at a value of \$0.75 per share	119,000	89,250
Balance, October 31, 2007	<u>28,296,209</u>	<u>24,829,330</u>

- c) 750,000 shares are held in escrow and subject to release of the shares over approximately 6 years at the rate of 5% every six months for the first 2 years and 10% every six months for the remaining 4 years of the escrow agreement, subject to the approval of the TSX Venture Exchange.

There are 426,829 shares to be issued to an officer and director pursuant to the bonus declared during the year ended January 31, 2006. These shares may be released upon the request of the officer and director.

Pacific Hydro has commenced legal action that if successful, would require the Company to redeem 4,333,333 shares at \$1.50 per share (see note 18(c)). On November 28, 2007, the Company entered into a Settlement Agreement with Pacific Hydro that provides for the termination of the lawsuit if the Company repays the Mesa Wind Acquisition Loan (note 9).

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

11. Share Capital (Continued)

d) Share purchase warrants outstanding as at October 31, 2007:

Number of Warrants	Exercise Price	Expiry Date
441,133	\$1.60 1st Year	December 5, 2007
	\$2.20 2nd year	December 5, 2008
1,000,000	\$1.60	January 27, 2008
4,333,333	\$1.60	January 31, 2008
117,416	\$1.30	November 28, 2008
20,000	\$1.30	December 31, 2008
749,050	\$1.05	February 23, 2009
107,779	\$0.90	August 9, 2009
165,000	\$1.00	October 11, 2009
2,234,600	\$1.75	October 19, 2009
20,000	\$1.75	November 9, 2009
<u>9,188,311</u>		

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

Warrants granted during the nine months ended October 31, 2007 were issued in conjunction with private placements of common shares, and are exercisable at the holder's option. There are no conditions whereby the Company would have to settle the warrants in cash.

The fair value of each warrant 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 free rate of interest – 4.22%, dividend yield – 0%, volatility - 76% and an expected term of approximately 2 years.

- e) The Company has a stock option plan (the "Plan") and has allotted and reserved up to an aggregate of 4,752,150 common shares. The Company's shareholders approved the increase of the number of shares reserved to 5,170,172 common shares representing 20% of the issued and outstanding shares at September 30, 2007.

Each option entitles the holder to acquire one common share at its exercise price and is being vested 25% immediately and 25% every six months thereafter until fully vested 18 months from the date of grant, and expires 5 years from the date of grant.

During the nine months ended October 31, 2007, the Company granted 250,000 options to a consultant to acquire shares at \$1.10 per share. The stock options of three consultants having 370,000 stock options at \$1.20 expired and the stock option of one consultant having 25,000 stock options at \$1.52 and another 25,000 stock options at \$2.05 were cancelled since she ceased to provide services to the Company.

During the nine months ended October 31, 2007, the Company recorded \$372,482 of stock based compensation (2007 - \$490,168; 2006 - \$536,787)

During the ended January 31, 2007, the Company granted 850,000 options to directors, officers and the spouse of an officer and director to acquire shares at \$1.23 per share and 25,000 to a consultant at \$2.05 per share.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

11. Share Capital (Continued)

During the 2006 fiscal year, the Company granted 250,000 stock options to a consultant of the Company to acquire shares at \$1.33 per share, 250,000 stock options to a consultant of the Company to acquire shares at \$1.65 per share and 100,000 to a director of the Company at \$1.43. The consultant was terminated and the exercise rights for the balance of the stock options (250,000 options at \$1.65 per share) were cancelled. Officers of subsidiaries resigned and their 300,000 options were cancelled.

During the year ended January 31, 2005, the Company granted 600,000 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.

A summary of stock option information as at October 31, 2007 is as follows:

	Shares	Weighted Average Exercise Price
Options outstanding at January 31, 2004	1,812,500	\$1.29
Granted	600,000	1.43
Exercised	(207,500)	0.31
Options outstanding at January 31, 2005	2,205,000	1.42
Granted	600,000	1.48
Exercised	(85,000)	0.55
Expired/forfeited	(550,000)	1.26
Options outstanding at January 31, 2006	2,170,000	1.51
Granted	875,000	1.25
Options outstanding at January 31, 2007	3,045,000	1.43
Granted	250,000	1.10
Exercised	(50,000)	0.86
Expired/forfeited	(420,000)	1.27
Options outstanding at October 31, 2007	<u>2,825,000</u>	<u>\$1.47</u>

Options Outstanding					Options Exercisable	
Range of Exercise Price		Number Outstanding	Weighted Average Contractual Life		Number Exercisable	Weighted Average Exercise Price
From	To			Exercise Price		
\$1.00	\$1.60	2,175,000	2.25	\$1.31	1,837,500	\$1.29
\$1.61	\$2.50	650,000	0.50	\$2.01	650,000	\$2.01
		<u>2,825,000</u>	<u>1.70</u>	<u>\$1.47</u>	<u>2,487,500</u>	<u>\$1.47</u>

- g) 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 free interest rate of 3.97% (2007-4.00%, 2006-4.00%), dividend yield 0% (2007-0%, 2006-0%), volatility of 74% (2007-59%, 2006-76%), and expected lives of approximately 5 years.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

12. Contributed Surplus

Contributed Surplus has changed as follows:

	<u>October 31, 2007</u>	<u>January 31, 2007</u>
Balance, beginning of year	\$ 3,710,094	\$ 2,961,768
Stock based compensation	372,482	490,168
Fair value of conversion option	-	208,288
Fair value of warrants issued for investor units	1,452,030	49,870
Fair value of warrants issued for finders units	115,280	-
Transfer to share capital of warrants exercised	(7,939)	-
Transfer to share capital of options exercised	(48,153)	-
Balance, end of period	<u>\$ 5,593,793</u>	<u>\$ 3,710,094</u>

13. Income Taxes

	<u>October 31, 2007</u>	<u>October 31, 2006</u>
Current	\$ -	\$ (534,262)
Future	(541,287)	(359,220)
	<u>\$ (541,287)</u>	<u>\$ (893,482)</u>

14. Discontinued Operations

The losses from discontinued operations are comprised of the following:

	<u>October 31, 2007</u>	<u>October 31, 2006</u>
Grand Manan 20 MW Project	\$ 27,506	\$ (1,149,339)
Steel Park 15 MW Project	(32,689)	(5,013,722)
	<u>\$ (5,183)</u>	<u>\$ (6,163,061)</u>

Grand Manan 20 MW Project

The Company had a Power Purchase Agreement with New Brunswick Power that provided for the completion of a 20 MW facility on Grand Manan Island by October 31, 2006. The Company was unable to renegotiate the agreement and the agreement was terminated by New Brunswick Power on October 31, 2006. The termination caused New Brunswick Power to call a \$200,000 letter of credit the Company provided and the Company owes a third party \$200,000 for providing security for the letter of credit. Since the Power Purchase Agreement was terminated, the Company has written off its investment in the Grand Manan Project, property and equipment of \$1,948,767 as a loss on discontinued operations.

On October 5, 2007, the Company entered into a letter of intent to sell certain assets of the Grand Manan 20 MW Project for \$250,000 payable by a deposit of \$75,000, \$75,000 on completion of due diligence, one-third of the balance on completion of the purchase agreement and the balance on closing. The Company has received \$131,739 net of sales taxes.

The Company accrued the payment of \$100,000 to settle its lawsuits with the former officers and directors of Eastern Wind.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

14. Discontinued Operations (Continued)

Steel Park 15 MW Project

The Company had a Power Purchase Agreement with Arizona Public Service that provided for the completion of a 15 MW facility near Kingman, Arizona by March 31, 2007. On April 27, 2006, the Steel Park 15 MW Project was transferred to Steel Park, LLC, a joint venture owned 51% by Pacific Hydro US Holdings, Inc. and 49% by the Company. In September 2006, Pacific Hydro notified the Company that it did not want to proceed with the project. On April 11, 2007, Arizona Public Service terminated the power purchase agreement.

The main asset transferred to Steel Park, LLC was a Turbine Supply Agreement with Mitsubishi Power Systems Inc. The Turbine Supply Agreement required a letter of credit for the purchase price of the wind turbines less turbine reservation payments. The letter of credit was provided by Pacific Hydro and it is secured by a charge on the wind turbines and on the Company's interest in Steel Park, LLC. As a result, the Company has written off its investment of \$5,046,411 in Steel Park, LLC and the Steel Park 15 MW Project.

The Settlement Agreement with Pacific Hydro provided for the transfer of the Company's interest in Steel Park, LLC for the Company's share of the proceeds from the sale of the wind turbines. (Note 16)

15. Related Party Transactions

- a) The following expenses were accrued/paid during the period to directors, officers, significant shareholders and the spouse of a director of the Company:

	October 31, 2007	October 31, 2006
Consulting and directors' fees	\$ 479,143	\$ 689,219
Bonuses	58,920	334,080
Management fees	177,789	417,723
Office and secretarial	27,000	36,000
Financing costs	89,250	142,014
Interest	1,285,248	774,498
	<u>\$ 2,117,350</u>	<u>\$ 2,393,534</u>

- b) On November 30, 2006, the spouse of an officer and director loaned the Company \$630,000 to provide funds to purchase the Kingman, Arizona land (note 9). The loan bears interest at LIBOR plus 5.98% and would mature in two years. In addition, the spouse of the officer and director received a bonus of 146,500 common shares at a value of \$0.86. On October 31, 2007, the Company repaid the loan and accrued interest. During the nine months ended October 31, 2007, the Company paid \$29,120 in interest.
- c) For the year ended January 31, 2007, the chief executive officer and director of the Company received a bonus of \$237,723 and an officer of a subsidiary and director received a bonus of \$52,904 (US\$46,505). This bonus was approved by the Company's shareholders in September 2005.
- d) Pacific Hydro, the owner of approximately 23% of the common shares of the Company, provided a loan of \$14,280,380 (US\$13,400,000) to acquire Mesa Wind Power (note 9). The loan bears interest at LIBOR plus 6% and was repayable on December 31, 2006. Interest expense accrued on the loan for the period ending January 31, 2007 amounted to \$747,412 (US\$674,764) and for the nine months ended October 31, 2007 amounted to \$1,233,797 (US\$1,139,555). Accrued interest payable at October 31, 2007 amounted to \$1,700,348 (US\$1,799,882).

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

15. Related Party Transactions (Continued)

- e) During the fiscal year ended January 31, 2007, bonuses totalling \$nil (2006 - \$1,000,000; 2005 - \$nil) were awarded to two directors and officers of the Company. The 2006 bonus was settled through the issuance of 609,759 shares. Once issued, the shares were held in escrow and released over the period to October 26, 2007. Accordingly, an amount of \$334,080 (2006 - \$582,000 (2005 - \$nil) was expensed in the year-ended January 31, 2007 and \$83,920 (2006 - \$418,000) was deferred and amortized to expense during the nine months ended October 31, 2007 pursuant to the terms of the agreement.
- f) On June 6, 2007, a significant shareholder loaned the Company \$389,689 (US\$412,500) to repay a portion of the Kingman Acquisition loan. The loan is secured by a second mortgage on the Kingman Property, bears interest at 12% per year payable monthly and is repayable on October 1, 2009. In connection with the loan, the significant shareholders received a bonus of 119,000 shares at a value of \$0.75 per share. From June 30, 2007 to October 31, 2007, the Company paid interest of \$22,331 (US\$20,625) on the loan.

16. Settlement Agreement With Pacific Hydro

Pacific Hydro Settlement

On September 28, 2007, the Company entered a Settlement Agreement with Pacific Hydro that provided for settlement of the lawsuits described in notes 18(b), 18(c) and 18(d) and the termination of the business relationship between the parties. The Settlement Agreement provides for a Phase I closing and a Phase II closing, both of which have been completed.

Phase I closing provides for the following:

- a) The transfer of all assets of Steel Park, LLC except for the wind turbines and certain electrical equipment to Verde;
- b) The transfer of the Company's interest in Steel Park, LLC to Pacific Hydro and resignations of managers nominated by Verde;
- c) Mutual indemnities against claims, actions, losses, liabilities and expenses;
- d) Pacific Hydro to use its best efforts to either sell the turbines to a third party or use the turbines for its own use;
- e) The payment to the Company on April 28, 2008 of an amount equal to the Company's share of the investment in the turbines times the proceeds from sale less accrued interest on the Mesa Acquisition Loan not to exceed US\$1,534,081; and
- f) The temporary discontinuance of litigation between the parties until April 28, 2008.

Phase II closing require that the common shares of Mesa Wind and the resignations of Mesa Wind's officers and directors be placed in escrow ("Mesa Deposit") until the earlier of the repayment of the Mesa Wind Acquisition Loan and April 28, 2008. If the Mesa Acquisition Loan is repaid, the common shares of Mesa Wind will be returned to the Company and if the Mesa Acquisition Loan is not repaid, the common shares will be transferred to Pacific Hydro as full satisfaction of the Mesa Acquisition Loan.

If the Mesa Wind Acquisition Loan is not repaid and the common shares of Mesa Wind are not released to Pacific Hydro from escrow, the Company is required to pay Pacific Hydro's legal fees up to US\$350,000 to enforce the terms of the Settlement Agreement. If the common shares of Mesa Wind are not released to Pacific Hydro from escrow as required by the Settlement Agreement and Pacific Hydro must exercise its existing security to foreclose, the Company is required to pay Pacific Hydro's legal fees related to the foreclosure.

The escrow has been established and all actions between the parties will be temporarily discontinued until April 28, 2008.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

16. Settlement Agreement With Pacific Hydro (Continued)

Pacific Hydro retains ownership of 6,000,000 common shares of the Company. If the Company's share price reaches a specified price, Pacific Hydro is required to sell the 6,000,000 common shares on the TSX Venture Exchange.

Phase II closing provided for the following:

- a) A reduction of interest charged by Pacific Hydro to LIBOR plus 2.25% from January 1, 2007 to the date that the Mesa Wind Acquisition Loan is repaid;
- b) The reduction of the Mesa Wind Acquisition Loan by US\$3,000,000 less the decrease in the interest charged by Pacific Hydro as described above if the turbines are not sold or used by Pacific Hydro prior to April 28, 2008;
- c) The termination of the Alliance Agreement; and
- d) The termination of all litigation between the parties.

If the Mesa Wind Acquisition Loan is not repaid by April 28, 2008, the litigation with respect to the Alliance Agreement and the alleged redemption rights as described in notes 18(h) will continue.

17. Commitments

- a) On April 6, 2006, a Letter of Credit was established for \$1,161,613 (US\$1,090,000) to secure performance bonds to Southern California Edison. The Letter of Credit is secured by US\$1,090,000 in cash.
- b) On January 25 2006, the Company entered into an Alliance Agreement with Pacific Hydro Limited in conjunction with private placement subscriptions totalling \$9,000,000 for 6,000,000 shares. The Alliance Agreement requires the Company to offer projects to Pacific Hydro for financing and development within certain geographic areas and requires Pacific Hydro to fund development and construction costs on projects if a definitive joint venture agreement is entered into by the parties. Pacific Hydro has commenced a legal action against the Company to require the Company not to develop wind farms within these geographic areas without their participation or sell, lease or use its Tehachapi property as security for a loan.
- c) The Company entered into a memorandum of understanding with a California civic government to jointly acquire and develop wind generated electricity projects in California. At this time, no definitive agreements have been entered into.
- d) The Company has a Bureau of Land Management right of way that expires on January 26, 2013 and the Company has the right to enter into a new 30 year right of way. The right of way requires annual payments of US\$78,478. The Company is committed to the removal of any structure, equipment and machinery at the end of the term of right of way agreement. The Company also has an obligation to remove foundations and equipment on the termination of the right of way agreement.
- e) The Company has entered into a right-of-way grant with the Bureau of Land Management for three years for 19,054 acres of land near Kingman, Arizona for a rental fee of US\$19,054 per year. Future rental rates are to be based on the fair market value of the property. The right of way grant may be renewed by making an amended application and providing a plan of development. Any improvements to the property must be removed at the end of the term of the right-of-way agreement.
- f) The Company entered into a property referral agreement with Richard Simons that provides for a finder's fee of US\$1,000 per MW payable on financial close of property he referred to the Company.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

18. Contingencies

- a) The Company has no employees, and remunerates all officers, directors, and all other individuals by way of consulting fees. In addition, certain of these individuals earned bonuses during the year.
- b) If certain of these individuals were deemed to be employees of the Company, as opposed to consultants, then the Company could be contingently liable for unremitted payroll taxes and source deductions and possible interest and penalties. The Company has not been challenged on this issue, and as such no amounts have been accrued for any unremitted payroll taxes and source deductions, interest or penalties in the consolidated financial statements.
- c) On November 7, 2006, Pacific Hydro commenced legal action to require the transfer of the shares of Mesa Wind Power Corporation to Pacific Hydro. The Company has filed a Statement of Defence and Counter Claim. The Statement of Defence states that Pacific Hydro did not elect to subscribe to the US\$7 million in shares to partially repay the Loan to Pacific Hydro of US\$13,400,000 so that the maturity date of the loan was extended to December 31, 2006. The Counterclaim states that Pacific Hydro has obstructed the Company's efforts to refinance the loan and demands that the maturity date be extended to 180 days after the settlement of all lawsuits with Pacific Hydro, that Pacific Hydro be restrained from taking action to realize upon its security until a final determination is made by the Court and that Pacific Hydro pay damages to the Company.
- d) On November 8, 2006, Pacific Hydro commenced legal action to require the redemption of 4,333,333 common shares at a price of \$1.50 per share. Pacific Hydro has claimed that it has the right to put these shares to the Company pursuant to the Exclusivity Agreement. The Company has filed a Statement of Defence and Counter Claim. The Statement of Defence states that the terms and conditions of the private placement are described in the Subscription Agreement entered into by Pacific Hydro and that the Subscription Agreement does not provide for any redemption right and acknowledges that there are no written or verbal agreements related to the private placement establishing a put option. The Counter Claim is for damages resulting from the dissemination of its notice of intention to sell the common shares and related legal action by Pacific Hydro.
- e) On December 19, 2006, Pacific Hydro commenced legal action to prevent the Company from selling, developing, leasing or using the land in Tehachapi, California without their participation. The Company is claiming that the Alliance Agreement or subsequent joint venture agreements require shareholder approval and that joint venture agreements are subject to the negotiation of a definitive agreement. The Company has filed its Statement of Defence and Counter Claim with respect to this action. Since the agreement has not been specifically approved by the shareholders, management believes that a Special General Meeting of the Shareholders is required to approve any agreement with Pacific Hydro.
- f) The Company has entered into a Settlement Agreement with Pacific Hydro on September 28, 2007 and has completed the Phase I closing on that date and the Phase II closing on November 28, 2007. If the Company fails to repay the Mesa Wind Acquisition Loan before April 28, 2008, Pacific Hydro will foreclose on the shares of Mesa Wind that have been placed in escrow and the other lawsuits may be resumed.
- g) The Company is being sued by a former director of Eastern Wind for 50,000 stock options that were not authorized by the Company, and \$6,000 in remuneration for services. Management believes that the action is without merit; however, the ultimate outcome is indeterminable. In addition, a former director of Eastern Wind is suing the Company and its chief executive officer for slander. Subsequent to July 31, 2007, the lawsuit was settled.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

18. Contingencies (continued)

- h) During the 2006 fiscal year, the Board of Directors approved the payment of bonuses totalling \$1,350,000 by the issue of common shares at \$1.64 per share. At the year end, \$300,000 of the bonus was paid by the issue of 182,930 common shares of the Company and a further 426,829 shares having a deemed value of \$700,000 have been approved but not issued. The remaining \$350,000 was payable upon the successful completion of the Grand Manan Project. Subsequent to the year end, this bonus arrangement was cancelled and the officers of Eastern Wind were terminated for cause. The officers have initiated a lawsuit for the delivery of the bonus shares and payment of income taxes that may be payable as a result of the issue of the bonus shares. Management believes that the action is without merit; however the ultimate outcome is indeterminable. The officers have also initiated a lawsuit against the Company and its chief executive officer for slander. The parties have agreed upon the terms of a settlement agreement and are preparing legal documents to implement the settlement. Management does not believe that the settlement will have a material effect on the Company.
- i) On October 9, 2007, Michael and Grace Wystrach filed a Statement of Claim against the Company claiming that they were not paid \$351,000 for a prepaid lease. The Company filed a statement of defence and subsequent to October 31, 2007, the lawsuit was settled.

19. Non-cash Financing Activities

During the nine months ended October 31, 2007, the Company issued 119,000 shares at a value of \$0.75 per share as a bonus for a loan commitment, 25,000 shares at a deemed value of \$1.40 as brokers units relating to the October 23, 2007 private placement and 179,375 shares at a value of \$0.80 per share for debt totalling \$143,500.

During the year ended January 31, 2007, the Company issued 146,500 bonus shares at a value of \$0.86 per share in connection with a loan from a related party for \$630,000.

The Company expensed bonuses totalling \$334,080 that were settled by the issue of shares (see note 15(g)).

20. 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 fair values of cash, accounts receivable, refundable tax credits, deposits, restricted cash, accounts payable and loans payable 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 rated financial institutions.

The Company has long term liabilities at fixed interest rates and variable interest rates. The fair market value of the long term liabilities approximates its carrying value.

The Company is subject to foreign exchange risk since its wind development projects are primarily located in the US and incurs corporate overhead costs in Canadian dollars.

Western Wind Energy Corp.
Notes to Consolidated Financial Statements
For the Nine Months Ended October 31, 2007
(Expressed in Canadian Dollars)

21. Subsequent Events

On November 1, 2007, the Company completed the purchase of 77 acres of land in California for US\$250,000. On closing, the Company paid US\$75,000 and the vendor provided a first mortgage of US\$150,000 repayable in two annual payments of US\$75,000 with interest payable monthly at 6.5% per year.

On November 8, 2007, the Company granted 950,000 stock options to consultants and directors exercisable at a price of \$1.54 for five years and vested over 18 months.

On November 28, 2007, the Company granted 275,000 options to its Chief Financial Officer exercisable at a price of \$1.32 for five years from the date of grant and to be vested over 24 months.

On December 10, 2007, the Company granted 275,000 options to George Salama, the president of Western Solargenics, Inc., exercisable at a price of \$1.32 for five years from the date of grant and to be vested over 24 months.

On December 21, 2007, the company entered into a sublease agreement to rent office space in Vancouver commencing January 1, 2008 and expiring February 28, 2012. The monthly rental, including operating costs, will be \$6,000 for the first 14 months increasing to \$6,200 thereafter for a total commitment of \$311,000.

The Company settled its outstanding lawsuits with Paul Woodhouse and Darlene Gillis and paid the plaintiffs \$100,000.

The Company settled its lawsuits with Michael and Grace Wystrach and has consented to the legend being removed from shares owned by him.

22. Comparative Figures

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current period financial statements.

Western Wind Energy Corp.
Management Discussion and Analysis
(Restated)
For the Six Months Ended July 31, 2007

December 28, 2007

Note to Reader

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the restated unaudited consolidated financial statements of Western Wind Energy Corp. (the "Company") for the period ended July 31, 2007. All amounts are expressed in Canadian dollars unless otherwise stated.

This document contains financial information that has been restated to reflect changes to the calculation of revenues, plant operating costs and foreign exchange gain caused by incorrect elimination entries of inter-company fees.

The Company has restated its financial statements for the three months ended July 31, 2007 and six months ended July 31, 2007. Restated revenues for the three months ended July 31, 2007 were decreased from \$2,021,263 to \$1,492,822. Restated revenues for the six months ended July 31, 2007 were decreased from \$3,693,881 to \$3,165,440. Restated plant operating expenses for the three months ended July 31, 2007 were decreased from \$1,071,983 to \$303,443. Restated plant operating expenses for the six months ended July 31, 2007 were decreased from \$1,767,444 to \$998,904. Adjustments were also made to foreign exchange loss (gain) and accounts payable.

The effect of these adjustments on revenue, total expenses and net loss the period for the three months ended July 31, 2007 and six months ended July 31, 2007 were as follows:

	As previously reported				As restated			
	Three Months Ended July 31, 2007	Months July 31,	Six Months Ended July 31, 2007	Months Ended July 31,	Three Months Ended July 31, 2007	Months Ended July 31, 2007	Six Months Ended July 31,	Months Ended July 31,
Revenues	\$2,021,263		\$3,693,881		\$1,492,822		\$3,165,440	
Expenses	\$2,239,025		\$4,276,418		\$1,626,603		\$3,663,995	
Net income (loss) for the period	\$54,700		\$(188,122)		\$137,756		\$(104,140)	

This report, including the MD& contains forward-looking statements, including statements regarding the business and anticipated future 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 price, 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 those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company's required financial statements and filings.

Overall Performance

Corporate Summary

The Company owns two wind energy electrical generation facilities and is developing wind energy projects in California and Arizona. The Windridge generating facility in Tehachapi, California has a 4.5 MW rated capacity and the Mesa Wind Power generating facility near Palm Springs, California has a 29.9 MW rated capacity. In California and Arizona, the Company has purchased or leased land to build wind farms and is continuing to carry out meteorological, environmental, geotechnical, permitting and zoning work to further the development of these properties into wind farms.

The Company is headquartered in Coquitlam, BC and has branch offices in Scottsdale, Arizona and Bakersfield, California. It is listed on the TSX Venture Exchange under the symbol “WND”, and the OTC Bulletin Board trading on the Pink Sheets market under the symbol “WNEDEF”.

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 and zoning, turbine selection, construction, environmental, operations and sales and marketing.

The Company operates through two wholly-owned subsidiaries that are responsible for the management of wind farms and the development of new energy projects. Aero Energy LLC (“Aero”) is responsible for the development of the Windstar 120 MW Project and Windridge 9MW Redevelopment Project as well as the operation of the existing 4.5 MW Windridge wind farm. Verde Resources Corporation (“Verde”) is responsible for the development of Arizona and California wind projects (excluding the Windstar 120 MW and Windridge 9 MW Redevelopment Projects) and the Mesa Wind 50 MW Redevelopment Project, as well as the operation of the existing 29.9 MW Mesa Wind Farm. Verde owns the Mesa Wind Farm through its wholly-owned subsidiary Mesa Wind Power Corporation (“Mesa Wind”).

The Company has incorporated Western Solargenics Inc. to pursue the development of solar energy.

The Company employs six full time consultants and three part-time consultants to develop new wind farms and manage the Company. The Mesa Wind Farm and the Windridge Wind Farm are managed by Airstreams Maintenance Corp. who operate and maintain the wind farms.

Operations

California – Windstar 120 MW

The Company owns 1,292 acres of land in the Tehachapi Pass Wind Park and, at July 31, 2007, had a transaction in escrow for the purchase of a further 77 acres of land in Tehachapi. During the six months ended July 31, 2007, the Company purchased 20 acres of land for \$80,257 (US\$75,000).

Parcels in excess of 40 acres are zoned for wind farm development and the smaller properties are being rezoned. Five meteorological towers have been erected to provide data for wind assessment reports to forecast electricity production and to site the turbine wind turbines to optimize electricity production.

The Tehachapi Pass Wind Park is one of the largest wind parks in the world with over 5,000 wind turbines generating over 705 megawatts of name plated capacity and producing over 1.4 billion kilowatt hours of electricity per year.

The Company is continuing to purchase property in Tehachapi since it is one of the most favorable regions to develop wind energy. California’s electricity rates are among the highest in the United States and the State of California has mandated electrical utilities to supply 20% of their total retail electrical sales from renewable resources by 2010. The renewable portfolio standard will require 8,000 MW of new wind generation of which approximately 4,000 MW is expected to be developed in Tehachapi.

In Tehachapi, the mean-average annual wind speeds and frequency distributions are well documented due to the long history of wind energy in the area. Capacity factors in Tehachapi are in excess of 40% using modern wind turbines.

On March 8, 2005, the Company negotiated a power purchase agreement with Southern California Edison to supply the output from a 120 MW facility no later than December 31, 2008. The contract is subject to the Company acquiring turbines at prices less than \$850 per kW and may be amended if turbine prices exceed that amount.

On April 9, 2006, a US\$1 million letter of credit was issued to Southern California Edison to secure our performance pursuant to the Power Purchase Agreement.

On February 16, 2006, the Company made an application to the Federal Energy Regulatory Commission (“FERC”) to require Sagebrush Partnership to provide transmission access to the Company for 50 MW to 120 MW of firm capacity. The *Federal Power Act* requires that transmission qualifying facilities provide access to public utilities and small independent power generators at costs that the qualifying facilities charge themselves for transmission. On April 28, 2006, FERC granted an order requiring Sagebrush Partnership to enter into an interconnection agreement with the Company subject to the negotiation of commercial terms. The Company received a final order on March 15, 2007 from the FERC confirming that the system impact study concludes that there is sufficient firm transmission capacity to satisfy our requirements and requiring Sagebrush Partnership to provide us access to the transmission line after a 33 MW allocation to one of the Sagebrush Partners. The order requires that the wind farm have Qualifying Facility status pursuant to *Public Utilities Regulatory Policies Act of 1978* and that the parties submit within 30 days the interconnection and transmission agreement. On May 16, 2007, FERC granted to one of the Sagebrush Partners, the right to appeal the FERC decision. On August 17, 2007, the FERC confirmed its initial decision.

The Company is also listed on Southern California Edison’s queue for its new transmission line that is expected to be completed by 2011.

The Company incurs property taxes, liability insurance costs and mortgage interest of approximately US\$70,000 per year plus incremental costs related to zoning and permitting, geotechnical, engineering and interconnection studies and legal fees related to transmission, power purchase and regulatory matters. The Company has capitalized \$286,213 in construction-in-progress at July 31, 2007.

The completion of the project is dependent upon the Company’s ability to obtain the necessary permitting and zoning, to complete satisfactory wind, environmental and geotechnical assessments, to purchase and arrange delivery of wind turbines to meet completion deadlines, to renegotiate the electricity price in the power purchase contract with Southern California Edison, to obtain development and construction approvals and to raise sufficient debt and equity capital to finance the construction of the project.

California – Windridge

On February 17, 2006, the Company completed the purchase of the Windridge assets that consisted of 192 acres of land in Tehachapi, 43 Windmatic turbines, a substation, and collection system and an assignment of a Power Purchase Agreement with Southern California Edison expiring on December 7, 2014 to deliver the output from 4.5 MW of capacity. The purchase price for the land, generating facilities and power purchase agreement was \$879,203 (US\$825,000) payable by \$586,135 (US\$550,000) on closing and a convertible secured note for \$317,378 (US\$293,068) with interest at 8% per year, due on February 17, 2008. The loan is convertible into common shares at a price of US\$1.40 per share and is redeemable by the Company on thirty days notice. In addition, the Company capitalized \$98,097 (US\$84,999) in environment, surveying and legal fees incurred in connection with the purchase.

The allocation of the purchase price is as follows:

Land	\$ 568,509
Generating facilities	447,098
Power purchase agreement	<u>34,623</u>
	<u>\$ 1,050,230</u>

The facility is operating below its rated capacity and management estimates that the wind farm will generate \$96,696 (US\$85,000) per year in revenues. From February 18, 2006 to January 31, 2007, the Windridge facility generated 1,447,778 kWh of electricity production and \$95,032 (US\$85,537) in revenues. Plant operating costs including operations and maintenance, electricity charges and property taxes amounted to \$26,229 (US\$23,056). Annual interest costs on the US\$275,000 mortgage are \$23,445 (US\$22,000) per year.

For the six months ended July 31, 2007, the facility generated \$86,834 (US\$76,953) in revenues. Plant operating costs amounted to \$5,664 (US\$5,019).

Management believes that the Windridge property can be redeveloped into a 9 MW generating facility if there is sufficient transmission capacity. Southern California Edison has advised the Company to redevelop the existing transmission capacity of 4.5 MW and to add a further 4.5 MW of generation if transmission capacity is available. The Windridge 9 MW Redevelopment Project is at an early stage of development.

Mesa Wind Farm

On July 25, 2006, the Company acquired PAMC Management Corporation (“PAMC”) for \$15,294,760 (US\$13,400,000) and changed its name to Mesa Wind. In addition, the Company incurred \$240,899 (US\$211,056) in costs related to the transaction. PAMC’s primary asset is the Mesa Wind Farm located in the San Gorgonio Pass near Palm Springs, California. The assets included a right-of-way with the Bureau of Land Management, a power purchase agreement with the Southern California Edison Company, 460 wind turbines, collection system, substation, roads and a maintenance building. Since the Company acquired shares and the cost base for tax purposes is less than the fair value of the purchased assets, the Company recorded a future income tax liability of 5,945,238(US\$5,051,179). At the acquisition date, the Company assumed an asset retirement obligation of \$953,704 (US\$875,106).

The Company allocated the purchase price at the date of acquisition as follows:

Generating facilities	\$ 17,700,299
Land right of way	420,980
Goodwill	4,217,431
Power purchase agreement	<u>34,242</u>
	<u>22,372,952</u>
Less:	
Future income tax liability	(4,217,431)
Asset retirement obligation	<u>(924,858)</u>
	15,534,623
Cash	<u>1,036</u>
	<u>\$ 15,535,659</u>

The wind farm is situated on 440 acres of land in the San Gorgonio Pass, 16 miles from Palm Springs, California. The Company has a right-of-way from the Bureau of Land Management for the exclusive use of the land for wind energy development. The right-of-way expires on January 26, 2013 and grants the leaseholder the right to enter into a new 30 year right-of-way if the agreement is not in default. The right-of-way grant provides for annual payments of US\$78,478 per year.

The Power Purchase and Interconnection Agreement expire on June 10, 2010. It provides for the sale of electricity on an “as available electricity” basis at Southern California Edison’s short-run avoided cost. The electricity production over the last five years has been in the area of 65 million kWh’s per year.

The wind farm was constructed in 1984 and includes 460 Vestas V15 turbines. The Company entered into an agreement with Airstreams Maintenance Corporation (“AMC”) to provide operations and maintenance services for the wind farm. AMC has extensive experience in operating and maintaining wind farms and overhauling wind turbines. The Company invested approximately US\$500,000 in deferred maintenance in addition to normal operating costs of US\$90,000 per month. The Company expects the major repairs to be less in the future since a preventative maintenance program has been implemented and deferred maintenance from prior years has been completed.

From July 25, 2006 to January 31, 2007, the Mesa Wind Farm generated 18,746,850 kWh of electricity and revenues of \$1,499,408 (US\$1,318,045). During this period, the Company incurred \$1,248,424 (US\$1,097,420) in plant operating expenses including the deferred maintenance costs described above.

For the six months ended July 31, 2007, the facility generated \$3,075,988 (US\$2,763,194) in revenues. Plant operating costs for the same period amounted to \$1,004,239 (US\$889,968).

The purchase of Mesa Wind was financed by a loan from Pacific Hydro of \$14,280,380 (US\$13,400,000). The loan bears interest at LIBOR plus 6%. The loan is the subject of a lawsuit with Pacific Hydro which is described under the Legal Proceedings. Interest on the Mesa Acquisition Loan amounted to \$764,912 (US\$674,764) for the period from July 25, 2006 to January 31, 2007 and \$855,823 (US\$803,062) for the six months ended July 31, 2007.

The Company has completed the environmental and archeological assessments that are required for a new right-of-way, has been short listed on the 2007 RFP for the sale of electricity to Southern California Edison and has engaged a wind consulting firm to complete a wind assessment study and to advise on the siting of the wind turbines for the 50 MW. The Company capitalized \$87,169 (US\$81,795) in construction-in-progress costs related to these activities. In addition, the Company has provided a US\$90,000 letter of credit to secure its performance pursuant to the 2007 Request for Proposals with Southern California Edison.

Steel Park 15 MW Project

The Company entered into a power purchase agreement with Arizona Public Service (“APS”) on May 4, 2005. On April 28, 2006, the Company entered into a joint venture agreement with Pacific Hydro to develop the Steel Park 15 MW facility through Steel Park, LLC, a limited liability company owned 51% by Pacific Hydro and 49% by Western Wind. During September 2006, the Company was notified by Pacific Hydro that it did not want to proceed with the development with the Steel Park 15 MW Project. As a result, the Company was unable to complete the project by March 31, 2007, APS terminated the power purchase agreement on April 7, 2007 and the Company wrote off its investment in Steel Park, LLC and the Steel Park 15 MW Project. The Company incurred losses, including the write off of costs, totaling \$5,013,861 related to Steel Park, LLC and the development of the Steel Park 15 MW Project during the year ended January 31, 2007.

The Company entered into a Turbine Supply Agreement with Mitsubishi Power Systems Inc. (“Mitsubishi”) for the purchase of 15 – 1MW turbines. The contract required reservation payments of US\$3.3 million that were made by the Company from the date that the Term Sheet was agreed upon to April 28, 2006. At April 28, 2006, the Turbine Supply Agreements and other collateral agreements with Mitsubishi were assigned to Steel Park LLC. At that date, Steel Park, LLC issued the Notice to Proceed to Mitsubishi and a letter of credit was provided by Pacific Hydro to secure the balance of the purchase price. The turbines were delivered in October 2006. Pacific Hydro secured its letter of credit by a first charge on the wind turbines and on Western Wind’s capital account in Steel Park, LLC. The Company transferred its interest in Steel Park, LLC to Pacific Hydro on November 28, 2007 pursuant to the Settlement Agreement and will be credited up to US\$3 million for its interest in Steel Park, LLC upon the repayment of the Mesa Acquisition Loan or at April 28, 2008.

The Company completed the purchase of 1,128 acres of land near Kingman, Arizona for US\$1,641,130. The purchase price was paid by purchase deposits of US\$210,000, cash on closing of US\$606,130 and a vendor mortgage of US\$825,000 payable on June 7, 2007 with interest at 7% per year. On June 1, 2007, the Company borrowed US\$412,500 from a significant shareholder of the Company and used the funds to make a principal payment of US\$412,500. At that date, the vendors agreed to extend the term of the mortgage to December 7, 2007. The Company paid a renegotiation fee of US\$21,000 to complete the transaction. The US\$412,500 loan from the significant shareholder bears interest at 12% per year and 18% per year in the event of default. The loan is due on July 1, 2009 and is secured by a second charge on the property.

On November 30, 2006, the Company borrowed \$630,000 from the spouse of an officer and director to complete the purchase of the property. The terms of the loan provide for interest to be paid at the rate of LIBOR plus 5.98%, the right to demand payment prior to maturity and a maturity of two years. In addition, the spouse of the officer and director received a bonus of 146,500 shares at a deemed price of \$0.86 per common share. The loan and accrued interest was repaid on October 23, 2007.

On December 5, 2007, the Company repaid the vendor mortgage of US\$412,500 plus accrued interest.

Arizona – Steel Park Expansion

The Company has entered into a right-of-way for the use of 19,054 acres of land, adjacent the Steel Park property, with the Bureau of Land Management, with a view of constructing a wind farm with up to 250 MW of generating capacity. The Company intends on completing a preliminary environmental assessment so that meteorological towers can be installed on the property and completing other due diligence activities to finalize development plans. The right-of-way is for three years and the fee is \$19,054 per year. At the end of the term, the Company has the right to enter into a new right-of-way for an additional 30 years.

California – New Projects

The Company entered into an agreement to acquire wind data for sites within California that may be developed into wind farms. The agreement provides for the payment of a fee of \$1,000 per MW payable on completion of the project. These projects are at an early stage of development and the Company is carrying out preliminary due diligence to determine the feasibility of these sites for wind energy development.

Other Real Estate

The Company owns 800 acres by way of clear title in Arizona that the Company may sell or develop for commercial real estate purposes. It is recorded at a cost of \$341,723.

Grand Manan 20 MW Project

The Company operated in New Brunswick through Eastern Wind. The development of the wind farm in New Brunswick commenced in the 2003 fiscal year when Eastern Wind entered into a lease for 4,500 acres on Grand Manan Island on the coast of New Brunswick. The permitting and zoning of the property, environmental, geotechnical and wind studies were completed and only turbine selection and equity financing was required to commence construction of the wind farm.

The Company entered into a power purchase agreement with New Brunswick Power that required the 20 MW facility to be completed by October 31, 2006. In November 2006, New Brunswick Power terminated the power purchase agreement for breach of contract. As a result, New Brunswick Power called a \$200,000 letter of credit that the Company had provided and the Company has recorded a \$200,000 liability to an unrelated party who provided security for the letter of credit.

During the year ended January 31, 2007 and six months ended July 31, 2007, the Company incurred costs and wrote off its investment in construction-in-progress costs and property and equipment totaling \$1,149,339 for the year ended January 31, 2007 as a loss from discontinued operations and recognized income from discontinued operations of \$27,666 for the six months ended July 31, 2007. The major items that resulted in the gain from continuing operations was the recognition of sale proceeds from UPC Wind of \$75,000 and the recording of the \$100,000 for the settlement with Paul Woodhouse and Darlene Gillis.

On July 5, 2007, the Company entered into a letter of intent with UPC Wind Canada Inc. to sell certain assets for \$250,000 payable by way of a non-refundable deposit of \$75,000, paid on signing of the letter of intent, \$75,000 on the completion of due diligence, one-third of the balance on the completion of the purchase agreement and the balance on closing. The initial deposit was received prior to July 31, 2007 and \$75,000 was paid upon the completion of due diligence subsequent to July 31, 2007.

Legal Proceedings

Mesa Acquisition Loan

On November 6, 2006, Pacific Hydro commenced a legal action to require the transfer of Mesa Wind to Pacific Hydro to realize upon its security for a US\$13.4 million loan that was used to acquire the common shares of PAMC Management Corporation that owned the Mesa Wind Farm. The Company counterclaimed that Pacific Hydro had obstructed the Company from obtaining financing and prevented the loan from being repaid.

The Company entered into a Settlement Agreement with Pacific Hydro on September 28, 2007 and completed the Phase I closing at that time and the Phase II closing on November 28, 2007. Phase II of the Settlement Agreement required that the shares of Mesa Wind be placed in escrow and transferred to Pacific Hydro if the Company does not repay the Mesa Acquisition Loan prior to April 28, 2008 (See Settlement Agreement with Pacific Hydro).

Exclusivity Deed

The Exclusivity Deed was entered into on October 20, 2006 with Pacific Hydro in conjunction with their purchase of 666,666 units at \$1.50 and their due diligence for a further investment. The Exclusivity Deed provided that the Company would not entertain financing from other parties until Pacific Hydro had completed its due diligence and decided whether or not it would make a further investment in the Company or until 45 days after a Turbine Supply Agreement was completed for the Grand Manan 20MW Project. In addition, the Exclusivity Deed described procedures for Pacific Hydro to make a further investment and for approval for the further investment by the TSX Venture Exchange and the Company's shareholders. The size of the further investment by Pacific Hydro was large enough that it would make Pacific Hydro a "control person" and the TSX approved the transaction on the basis that Pacific Hydro agreed to restrict their voting rights to 19.9% until the shareholders approved them as a control person. The Exclusivity Deed provided for Pacific Hydro to have a put option with respect to a potential future private placements, if Pacific Hydro was not approved by the shareholders as a control person at the Annual General Meeting.

Pacific Hydro entered into a subscription agreement with the Company on January 27, 2006. The subscription agreement did not provide for a put option and contained Pacific Hydro's acknowledgement that there were no other written or oral agreements with respect to the private placement.

At the Annual General Meeting, the disinterested shareholders defeated the control person resolution and Pacific Hydro remained restricted to voting 19.9% of their shares. On October 31, 2006, Pacific Hydro tendered their shares to the Company. At that time, Pacific Hydro issued a press release that advised its intent to sell 4,333,333 shares.

On November 10, 2006, Pacific Hydro filed a Statement of Claim to require the Company to repurchase 4,333,333 units at a price of \$1.50 per unit. The Company filed a Statement of Defense and Counterclaim.

The Company contends that the investment was made pursuant to the subscription agreement, in which Pacific Hydro acknowledged that there was no other written or oral agreement between the parties and that the subscription agreement superseded the Exclusivity Deed. The subscription agreement does not refer to any right that would require the Company to repurchase shares other than standard rescission provisions.

On September 28, 2007, the Company entered into a Settlement Agreement with Pacific Hydro and completed the Phase I closing at that time and the Phase II closing on November 28, 2007. The Settlement Agreement provides for the temporary discontinuance of this lawsuit until April 28, 2008 if the Mesa Acquisition Loan is not repaid and a permanent discontinuance if the Mesa Acquisition Loan is repaid (See Settlement Agreement with Pacific Hydro).

Alliance Agreement

On December 19, 2006, Pacific Hydro filed a Statement of Claim in Australia related to the interpretation of the Alliance Agreement. Pacific Hydro alleges that the Alliance Agreement prevents the Company from selling, leasing, developing or using the real estate owned by the Company without the participation of Pacific Hydro. In its Statement of Defence and Counterclaim, the Company stated that there are no terms in the Alliance Agreement that would prevent the Company from selling or leasing the property to a third party or from obtaining financing using the property as security.

On September 28, 2007, the Company entered into a Settlement Agreement with Pacific Hydro and completed the Phase I closing at that time and the Phase II closing on November 28, 2007. The Settlement Agreement provides for the temporary discontinuance of this lawsuit until April 28, 2008 if the Mesa Acquisition Loan is not repaid and a permanent discontinuance if the Mesa Acquisition Loan is repaid (See Settlement Agreement with Pacific Hydro).

Settlement Agreement with Pacific Hydro

On September 28, 2007, the Company entered a Settlement Agreement with Pacific Hydro that provided for settlement of the lawsuits described above and the termination of the business relationship between the parties. The Settlement Agreement provides for a Phase I closing and a Phase II closing, both of which have been completed.

Phase I closing provided for the following:

- a. The transfer of all assets of Steel Park, LLC except for the wind turbines and certain electrical equipment to Verde;
- b. The transfer of the Company's interest in Steel Park, LLC to Pacific Hydro and resignations of managers nominated by Verde;
- c. Mutual indemnities against claims, actions, losses, liabilities and expenses;
- d. Pacific Hydro to use its best efforts to either sell the turbines to a third party or use the turbines for its own use;
- e. The payment to the Company on April 28, 2008 of an amount equal to the Company's share of the investment in the turbines times the proceeds from sale less accrued interest on the Mesa Acquisition Loan not to exceed US\$1,534,081; and
- f. The temporary discontinuance of litigation between the parties until April 28, 2008.

Phase II closing required that the common shares of Mesa Wind and the resignations of Mesa Wind's officers and directors be placed in escrow ("Mesa Deposit") until the earlier of the repayment of the Mesa Wind Acquisition Loan and April 28, 2008. If the Mesa Acquisition Loan is repaid the common shares of Mesa Wind will be returned to the Company and if the Mesa Acquisition Loan is not repaid, the common shares will be transferred to Pacific Hydro as full satisfaction of the Mesa Acquisition Loan.

If the Mesa Wind Acquisition Loan is not repaid by April 28, 2008, and the common shares of Mesa Wind are not released to Pacific Hydro from escrow as required by the Settlement Agreement, the Company is required to pay Pacific Hydro's legal fees up to US\$350,000 to enforce the terms of the Settlement Agreement. If the common shares of Mesa Wind are not released to Pacific Hydro from escrow as required by the Settlement Agreement and Pacific Hydro must exercise its existing security to foreclose, the Company is required to pay Pacific Hydro's legal fees related to the foreclosure.

All actions between the parties are temporarily discontinued until April 28, 2008, pending the repayment of the Mesa Acquisition Loan.

Pacific Hydro retains ownership of 6,000,000 common shares of the Company. If the Company's share price reaches a specified price, Pacific Hydro has agreed to sell the 6,000,000 common shares on the TSX Venture Exchange.

Phase II closing provided for the following:

- a. A reduction of interest charged by Pacific Hydro to LIBOR plus 2.25% from January 1, 2007 to the date that the Mesa Wind Acquisition Loan is repaid;
- b. The reduction of the Mesa Wind Acquisition Loan by up to US\$3,000,000 less the decrease in the interest charged by Pacific Hydro as described above if the turbines are not sold or used by Pacific Hydro prior to April 28, 2008;
- c. The termination of the Alliance Agreement; and
- d. The termination of all litigation between the parties.

If the Mesa Wind Acquisition Loan is not repaid by April 28, 2008, the litigation with respect to the Alliance Agreement and the Exclusivity Deed will continue.

Other Legal Proceedings

Paul Woodhouse and Darlene Gillis, former directors and officers of Eastern Wind Power, are suing the Company for failure to issue certain bonus shares and incentive stock options. The Company has sued Paul Woodhouse and Darlene Gillis for breach of fiduciary duties and negligence with respect to their duties as officers and directors of Eastern Wind. Paul Woodhouse and Darlene Gillis are suing the Company and its chief executive officer for comments that they allege were made by the Company's chief executive officer on an Internet chat room. The Company has entered into a settlement agreement with Paul Woodhouse and Darlene Gillis that requires the Company to pay \$100,000 to the plaintiffs and provides for the termination of all litigation between the parties. The Company has provided for the settlement in the consolidated financial statements for the six months ended July 31, 2007.

Tom Vihveln, a former director and officer of Eastern Wind, is suing Eastern Wind for the right to exercise incentive stock options to acquire 50,000 common shares of Western Wind at an exercise price of \$0.80 per share and \$6,000 for services rendered. The Company has filed a counterclaim for breach of fiduciary duties. Management believes that the lawsuit is without merit.

Michael Wystrach filed statements of claim in Pima County, Arizona and Vancouver, British Columbia seeking compensation for services rendered. The lawsuit was dismissed in Pima County and proceedings to re-instate the lawsuit were also dismissed. The Plaintiff appealed the decision to the Federal Court and a hearing is scheduled to be held in September 2007. On November 6, 2006, the plaintiff commenced a lawsuit in British Columbia on essentially the same basis as the action that was dismissed in Pima County, Arizona. Subsequent to July 31, 2007, the lawsuit was settled.

On July 9, 2007, Michael and Grace Wystrach filed a Statement of Claim with respect to the prepayment of a lease in Elgin, Arizona for \$351,000. In the Statement of Claim, the plaintiffs claim that they were not paid the lease fee; and alternatively, if the plaintiffs were paid, the funds were unlawfully misappropriated by the chief executive officer. The Company will file a Statement of Defense. Subsequent to July 31, 2007, the lawsuit was settled.

Development Strategy

General

The Company acquires and develops sites or existing wind farms based on the following criteria:

- Availability and access to transmission
- Superior wind resources to justify a commercial wind energy facility
- Permitting and zoning policies that allow wind farm development
- Satisfactory environmental and archeological studies
- Satisfactory terrain and geographic features that do not impede development
- Regional support of renewable energy
- Local political support for wind power development
- Adequate incentives at the federal and state levels
- High electricity prices
- Growing demand for electricity

Development activities are carried out by the Company's internal consultants as well as third party consultants who are experienced in assessing wind resources and completing the necessary development programs to build a wind farm.

The Company has decided to focus its efforts on developing its properties in California and Arizona since these States have renewable portfolio standards and relatively high energy prices.

Revenue Strategies

Revenue sources for wind farms situated in the US come from the sale of electricity, sale of green credits and the Federal Production Tax Credit. Electricity prices vary due to the demand for electricity, competing electricity sources and the support for renewable energy. Green credits are a developing market that is expected to evolve into a significant source of revenue. Federal Production Tax Credits are a federal tax credit of US\$0.02 per kWh plus inflation adjustments for ten years. The Federal Production Tax Credits are scheduled to expire on December 31, 2008. Management believes that the Federal Tax Credit will be extended or that a green credit program will be established to provide renewable energy developers a similar benefit.

It is now common practice that power purchase agreements with utilities will include the purchase of green credits with the energy sales (“bundled energy”).

The Company will continue to focus on markets that will provide the highest potential returns.

Financing Strategies

The Company plans to raise capital through institutional sources experienced in power project financing to finance the construction and operation of wind energy facilities. These financial sources are familiar with the operation of electrical generating facilities and their potential operating and construction risks. The amount of project debt that is available depends upon the projected cash flow, the existence of a long term power purchase contract with credit-worthy utilities, the wind assessment report, the identity of the turbine supplier and the general contractor and the interest rates existing when funds are drawn down.

In the US, power project financings generally use a limited liability corporation to secure tax equity financing and to monetize any tax benefits that cannot be used by the Company or its subsidiaries. The value of the tax losses resulting from accelerated depreciation and the production tax credits is a significant part of the cost of a wind farm project.

The Company plans to raise equity to finance the development of projects with a view to using a structure outlined above that would provide a reasonable return on equity on completion of the project and the highest leverage from project debt and tax equity investors.

Project and Contractual Obligations

The Company is affected by local, county, state or provincial and federal legislation concerning environmental, zoning, permitting and operating laws and regulations in the jurisdiction that the Company operates. The Company believes that it is in compliance with all laws and regulations.

The Company was late in filing its 2006 and 2007 Annual Report on Form 20-F and the failure to file on a timely basis has resulted in the shares not being eligible for quotation on the OTC Bulletin Board. The shares are currently trading on the Pink Sheets. The Company plans to reapply for a listing on the OTC Bulletin Board on a future date. There is no guarantee that the Company will be successful in its plans.

On June 8, 2007 the British Columbia Securities Commission issued a temporary Management Cease Trade Order prohibiting our directors, officers and insiders from trading in the securities of our Company because of our failure to file, within the prescribed period of time, our audited financial statements and MD&A for the year ended January 31, 2007 and the unaudited financial statements and MD&A for the three months ended April 30, 2007. The unaudited financial statements for the three months ending April 30, 2007 and July 31, 2007 were filed in September 2007 and the Management Cease Trade Order was rescinded.

Windstar 120 MW Project

The Company's contract with Southern California Edison requires that the facility be completed by December 31, 2007 with an extension to December 31, 2008. The agreement can be cancelled if turbine prices increase above specified levels. The Company has posted a \$1 million letter of credit that can be drawn on by Southern California Edison if the facility is not completed by December 31, 2008. The Company, however, has an option to extend the terms of the letter of credit without incurring any liability. The letter of credit is subject to the same cancellation privileges as contained in the power purchase agreement. The Company will be negotiating amendments to the power purchase agreement to reflect the higher cost of wind turbines and existing wholesale electricity rates. The Company is not currently aware of any other risks associated with the contract with Southern California Edison.

The Company entered into mortgages to finance the purchase of land in Tehachapi, California for \$256,522(US\$240,708). The mortgages are repayable in blended monthly payments of \$5,492 (US\$5,153) with interest at rates from 6.5% to 8% and with terms of 3 to 7 years. The mortgages are secured by first charges on the land.

At July 31, 2007, the Company had a commitment to purchase 77 acres for \$266,425 (US\$250,000). The Company has placed \$26,643 (US\$25,000) in escrow and paid an additional \$53,285 (US\$50,000) on November 1, 2007, the closing date. The vendor provided a first mortgage of \$186,498 (US\$175,000) repayable over two years with interest at 6.5% per year.

The Company is required to pay property taxes on its real estate holdings. For the year ended January 31, 2007 property taxes were \$55,088 (US\$48,425). The Company also maintains liability insurance on its properties and the amount allocated to the Windstar 120 MW Project was \$14,638 (US\$13,600).

Windridge 9 MW Redevelopment Project

The Company entered into an agreement on February 18, 2006 to purchase land, wind turbines, electrical infrastructure and an assignment of a power purchase agreement expiring on December 17, 2004 for US\$825,000. The purchase was financed by a mortgage of \$293,068 (US\$275,000) with interest payable annually at the rate of 8% and principal due on February 18, 2008. The loan and accrued interest is convertible into common shares, at the option of the holder, at a price of US\$1.40 per share and accrued interest is convertible at the closing price of the common shares at the date that the note is converted. The note is redeemable by the Company upon 30 days notice and is secured by a first charge on the land.

For accounting purposes, the loan is recorded at its fair value of \$235,432. The difference between the fair value and loan amount of \$57,635 has been recorded as contributed surplus. The loan is being accreted so that the loan amount on maturity will equal the original balance and the difference between the fair value and the initial loan amount of \$57,635 being charged to interest expense over the term of the loan. During the six months ended July 31, 2007, the Company accreted \$51,644 in interest expense.

The power purchase agreement provides for the sale of electricity on an "as available" basis at Southern California Edison's short run avoided cost.

Airstreams Maintenance Corp. provides operations and maintenance services and charges the Company based on the time and materials supplied.

The Company is required to pay property taxes based on the assessed value of the real estate and improvements. The property taxes for the year ended January 31, 2007 were in the area of US\$3,000.

Mesa Wind Power

Mesa Wind has a Standard Offer Power Purchase and Interconnection Agreement with Southern California Edison expiring on June 22, 2010 to sell electricity on an “as available” basis at Southern California Edison’s short run avoided cost.

The Company is obligated to repay Pacific Hydro \$14,280,380 (US\$13,400,000) plus interest at LIBOR plus 6%. The loan is secured by the shares of Mesa Wind Developers and a charge on all Mesa Wind’s assets. At July 31, 2007, accrued interest on this loan amounted to \$1,520,613 (US\$1,426,868).

Mesa Wind has the exclusive right until January 26, 2013 to use 440 acres of land owned by the Bureau of Land Management near Palm Springs for the development and operation of wind energy facilities. The right-of-way provides for lease payments of US\$78,478 per year and the right to enter a new right-of-way, if the existing right-of-way is in good standing. Property taxes are approximately \$159,855 (US\$150,000) per year and liability insurance costs are approximately \$14,494 (US\$13,600) per year.

The Company has entered into an Operations & Maintenance Agreement with Airstreams Maintenance Corp. The contract provides for Airstreams to operate and maintain the Mesa Wind Farm for a fee equal to costs plus \$213,140 (US\$200,000) per year. The contract is automatically renewable with an escalation for inflation.

The Company has entered into an agreement to purchase four vehicles used by employees of Airstreams Maintenance Corp. in the operation of the Mesa Wind Farm. At January 31, 2007, the balance outstanding amounted to \$57,433 (US\$53,892).

Pacific Hydro commenced a legal action in October 2006 demanding the immediate transfer of the common shares of Mesa Wind to repay the US\$13.4 million acquisition loan. On September 28, 2007, the Company entered into a Settlement Agreement with Pacific Hydro that extended the term of the loan and date of repayment to April 28, 2008. If the Company is unable to repay the loan, it will lose its major source of revenue, its largest asset and the opportunity to redevelop the site (See Settlement Agreement with Pacific Hydro).

Steel Park Project

During the year ended January 31, 2007, the Company completed the purchase of 1,128 acres of land near Kingman, Arizona. The purchase is financed by a first mortgage of \$439,602 (US\$412,500) payable to the vendors on December 7, 2007 with interest at 7% per year and a second mortgage of \$439,601 (US\$412,500) payable to a significant shareholder on May 31, 2010 with interest payable monthly at 12% per annum and at 18% after default.

To complete the purchase of the Kingman land on December 6, 2006, the Company borrowed \$630,000 from the spouse of an officer and director. The loan is unsecured and repayable on November 30, 2008 and interest is payable monthly at LIBOR plus 5.98%. In addition, the spouse of the officer and director received a bonus of 146,500 common shares at a deemed price of \$0.86 per share. The balance outstanding on the loan at July 31, 2007 is \$303,385.

Steel Park Expansion

The Company was granted a land right-of-way with the Bureau of Land Management for three years for the right to use 19,054 acres for the development of wind energy. Annual payments for the use of the property amount to US\$19,054 per year. The Company is required to provide environmental reports to the Bureau of Land Management prior to the installation of meteorological towers on the property. If satisfactory due diligence is completed on the property, the Company will enter in to a 30 year right-of-way.

Grand Manan 20 MW Project

The Company provided a \$200,000 performance bond to New Brunswick Power secured by a letter of credit provided by a third party. The contract required the project to be commissioned by October 31, 2006. New Brunswick Power terminated the agreement as at October 31, 2006. The Company has recorded a \$200,000 liability to the third party who provided the security for the letter of credit. During the year ended, January 31, 2007, the Company incurred costs and wrote off its investment in construction-in-progress and property and equipment totaling \$1,149,339 and generated income of \$26,026 during the six months ended July 31, 2007.

Selected Annual Information For the Six Months Ended July 31, 2007, 2006 and 2005 ('000's)

	\$`000`s		
	2007	2006	2005
Total revenues	\$ 3,165	\$ 51	\$ -
Income (loss) before discontinued operations	\$ (78)	\$ (1,321)	\$ (1,400)
Net income (loss)	\$ (104)	\$ (1,321)	\$ (1,400)
Loss per share, basic and diluted	\$ (0.01)	\$ (0.08)	\$ (0.10)
Total assets	\$ 27,971	\$ 12,347	\$ 4,066
Dividends declared and paid	\$ -	\$ -	\$ -

Results of Operations

Revenues

The Company acquired two operating wind farms during the year ended January 31, 2007. On July 25, 2006, the Company acquired the 29.9 MW Mesa Wind Farm and on February 18, 2006, the Company acquired the 4.5 MW Windridge Wind Farm. From July 25, 2006 to January 31, 2007, the Mesa Wind Farm generated \$1,499,408 (US\$1,318,045) in revenues. The Windridge Wind Farm generated \$95,032 (US\$85,537) in revenues from February 18, 2006 to January 31, 2007. Total revenues for the year ended January 31, 2007 amounted to \$1,594,440 (US\$1,401,582). For the six months ended July 31, 2007, the Mesa Wind Farm generated \$3,075,998 (US\$2,763,194) in revenues and the Windridge Wind Farm generated \$86,834 (US\$76,953) in revenues. Total revenues amounted to \$3,165,440 (US\$2,842,468).

The Company carried out substantial repairs of the wind turbines and collection system at the Mesa Wind Farm at the end of the 2007 fiscal year so that the wind turbines would be available for the spring and summer, which have greater wind speeds. For the balance of the fiscal year, revenues will be lower due to seasonal lower wind speeds and lower electricity prices.

Plant Operating Costs

Plant operating costs include operations and maintenance costs, property taxes, right-of-way fees, insurance and electricity costs. The Mesa Wind Farm plant operating costs from July 25, 2006 to January 31, 2007 amounted to \$1,038,267 (US\$1,007,371) and the Windridge Wind Farm plant operating costs from February 18, 2006 to January 31, 2007 amounted to \$26,228 (US\$23,056). Total plant operating costs amounted to \$1,064,495 (US\$1,030,427).

For the six months ended July 31, 2007, the operations and maintenance expenses totaled \$998,904. The Mesa Wind portion of the costs amounted to \$993,240 (US\$880,220). The costs incurred in the previous operating period were higher due to the longer operating period and the remediation and deferred repair expenditures. The operations and maintenance costs for Windridge for the six months ended July 31, 2007 totaled \$5,664 (US\$5,019). The costs to operate the Windridge Wind Farm are lower since there are fewer wind turbines, the wind farm is not located in a high wind area like Mesa Wind is and the wind turbines are old and in poorer condition than Mesa Wind.

Amortization

Amortization increased from \$31,398 for the year ended January 31, 2006 to \$1,418,075 for the year ended January 31, 2007. During the year ended January 31, 2007, and the Company completed the acquisition of the Mesa Wind Farm and the purchase of the Windridge Wind Farm.

For the three months ended July 31, 2007, amortization amounted to \$557,572 and was \$1,170,864 for the six months ended July 31, 2007. Comparable amounts for the previous year were \$16,767 and \$33,060 respectively.

Asset Retirement Obligation

During the year ended January 31, 2007, the Company purchased the Mesa Wind Farm. The grant of right-of-way with the Bureau of Land Management requires that the turbines and foundations be removed at the termination of the lease. The Company provided for an asset retirement liability of \$953,704 (US\$810,284) and accreted the liability by \$79,296 (US\$64,856) to increase the asset retirement liability to \$1,030,000 (US\$875,106).

For the three months ended April 30, 2007 and July 31, 2007, cost base of the asset retirement obligation was reduced as a result of the strength of the Canadian dollar. In addition, the Company accreted \$17,805 for the three months ended April 30, 2007 and \$36,573 for the six months ended July 31, 2007.

Bonuses

At the 2005 Annual General Meeting, the Company's shareholders approved the payment of bonuses to Jeff Ciachurski, the chief executive officer and a director of the Company, of \$700,000 and to Michael Boyd, an officer and director of the Company, of \$300,000. The bonus to Michael Boyd was paid by the issue of 182,930 shares at a deemed price of \$1.64 per share. The bonus payable to Jeff Ciachurski are to be paid by the issue of 426,829 shares to Jeff Ciachurski at a deemed price of \$1.64. The shares are subject to an escrow agreement over the period from May 30, 2005 (the date of grant) to October 26, 2007, as such \$334,080 of the bonuses were expensed in the year ended January 31, 2007 and \$582,000 of the bonuses were expensed in the year ended January 31, 2006, and the remainder, which totals \$83,920, was amortized to expense during the six months ended July 31, 2007.

Consulting and directors' fees

Consulting and directors' fees increased from \$145,078 for the three months ended July 31, 2006 to \$260,205 for the three months ended July 31, 2007 and from \$334,481 for the six months ended July 31, 2006 to \$488,011 for the six months ended July 31, 2007. The major reasons for the increase include the increase in monthly compensation to Cash Long, an officer and director of the Company, the contracting of a legal consultant to assist with the negotiation and documentation of the legal agreements, negotiation of settlements with Pacific Hydro and providing advice on other lawsuits that the Company is involved in, the cost of computer consultants to complete a forensic analysis on computers used by Paul Woodhouse and Darlene Gillis, the hiring of a vice president construction and development to manage the development and construction of wind projects and the accrual of directors fees for independent directors.

Foreign Exchange Gain

The Company generated a foreign exchange gain of \$722,124 for the three months ended July 31, 2007 and \$1,622,625 for the six months ended July 31, 2007. The gain resulted from a change in the US exchange rate from 1.177 at January 31, 2007 to 1.0657 at July 31, 2007. As a result of the acquisition of the Mesa Wind Farm and real estate in Tehachapi and Arizona, the Company has \$14,805,975 in US long term debt and \$2,215,279 in payables.

The major US assets are considered foreign self-sustaining operations and the loss in value is deferred until the assets are disposed of. The accumulated losses are recorded as cumulative currency translation adjustments in shareholders' equity. At July 31, 2007, the accumulated loss amounted to \$947,858 and has increased by \$1,420,956 since January 31, 2007.

Interest and Accretion on Long Term Debt

Interest and accretion on long term debt increased from \$nil for the three months ended July 31, 2006 to \$496,854 for the three months ended July 31, 2007 and from \$22,697 for the six months ended July 31, 2006 to \$983,083 for the six months ended July 31, 2007. The increase results from the interest accrued on the Mesa Wind acquisition loan payable from Pacific Hydro of \$855,823 for the six months ended July 31, 2007 and the accretion of the fair value of the conversion option provided for in the Windridge Acquisition Loan of \$51,644.

Professional Fees

Professional fees have increased from \$111,724 for the three months ended July 31, 2006 to \$413,007 for the three months ended July 31, 2007 and from \$257,006 for the six months ended July 31, 2006 to \$895,920 for the six months ended July 31, 2007. The increase results from higher audit fees, legal fees to defend against the law suits by Pacific Hydro, Paul Woodhouse and Darlene Gillis and Michael Wystrach and to initiate a lawsuit against Paul Woodhouse and Darlene Gillis, legal fees related to FERC applications to obtain access to the Sagebrush transmission line, legal and accounting costs related to the completion of the 2006 and 2007 Annual Report on Form 20F, the restatement of the financial statements for the year ended January 31, 2006 and higher 2007 audit costs than budgeted.

Summary of Quarterly Results

	Total Revenues	Income (loss) Before Discontinued Operations	Net Income (Loss) For The Quarter	Loss Per Share Basic and Diluted
October 31, 2007	\$817,266	\$ (266,375)	\$ (245,393)	\$ (0.00)
July 31, 2007 ¹	\$1,492,822	\$ 62,895	\$ 137,756	\$ 0.01
April 30, 2007	\$1,672,618	\$ (140,870)	\$ (241,896)	\$ (0.01)
January 31, 2007 ^{2,4}	\$ 694,668	\$ (1,683,212)	\$ (6,910,189)	\$ (0.29)
October 31 2006 ^{2,4}	\$ 861,471	\$ (2,806,422)	\$ (3,742,506)	\$ (0.16)
October 31, 2006 ^{2,4}	\$ 20,595	\$ (382,472)	\$ (382,472)	\$ (0.02)
April 30, 2006 ^{1,3}	\$ 17,706	\$ (687,441)	\$ (687,441)	\$ (0.03)
January 31, 2006 ^{2,4}	\$ Nil	\$ (2,347,802)	\$ (2,347,802)	\$ (0.14)
October, 31 2005 ^{2,3,4}	\$ Nil	\$ (1,249,085)	\$ (1,249,085)	\$ (0.07)
October 31, 2005 ^{2,3,4}	\$ Nil	\$ (1,024,667)	\$ (1,024,667)	\$ (0.06)
April 30, 2005 ^{2,4}	\$ Nil	\$ (492,667)	\$ (712,861)	\$ (0.03)
January 31, 2005 ^{2,4}	\$ Nil	\$ (712,681)	\$ (603,527)	\$ (0.04)
October, 31 2004 ^{2,4}	\$ Nil	\$ (861,266)	\$ (861,266)	\$ (0.06)
October 31, 2004 ⁴	\$ Nil	\$ (732,361)	\$ (732,361)	\$ (0.05)

¹These amounts have been restated because, subsequent to October 31, 2007, we identified errors in the elimination of intercompany fees that impacted revenues, plant operating costs and the foreign exchange gain.

²These amounts have been restated because, subsequent to October 31, 2006, we identified errors in the recording of stock based compensation for the years ended January 31, 2005 and 2006 and for the nine months ended October 31, 2006. The amounts omitted the calculation of stock based compensation omitted the effects of the issue of 250,000 stock option on September 4, 2004 with an exercise price of \$1.40 per share and the effects of the issue of 100,000 stock options on March 16, 2005 with an exercise price of \$1.43 per share.

³July 31 and October 31, 2005 amounts have been restated because the management share bonuses granted on May 30, 2005, during the second quarter were originally expensed in full during the third quarter. In the fourth quarter, the bonuses were adjusted to be amortized over their vesting period, from May 30, 2005 to October 2007, thus resulting in a restatement of the July 31, 2005 and October 31, 2005 figures.

^{3,4}October 31, 2006 amounts have been restated for discontinued operations.

Liquidity and Capital Resources

As at July 31, 2007, the Company had a working capital deficiency of \$16,960,973 compared to a deficit of \$18,841,732 at January 31, 2007. At both dates, the deficiency was created by the Pacific Hydro loan to acquire the Mesa Wind Farm, which is a current liability until the Company arranges long term debt and equity financing to repay the loan. The funds were used to purchase the Mesa Wind Farm for \$15,535,659 (US\$13,611,056), finance construction-in-progress costs incurred during the period of \$3,176,992, to provide security for the letters of credit for Southern California Edison of \$1,167,655 (US\$1,090,000), to repay the loan from a related party of \$366,239 and to finance operations. The Company borrowed \$15,771,800 from Pacific Hydro to acquire the Mesa Wind Farm. Since the loan was due on December 31, 2006, it is a reduction in working capital. At January 31, 2007, the Company's cash position was \$42,506 and at July 31, 2007, the cash position was \$49,463.

The Company has real estate interests in Tehachapi and in Arizona. The Tehachapi property can be leased to other wind developers and would generate lease income for the Company. Some of it could be developed for residential purposes or continued to be used for farming activities. Pacific Hydro commenced a lawsuit that states that they believe that we are unable to sell, lease or mortgage our real estate without their participation. The description of the lawsuit is detailed under Legal Proceedings.

If the Company is unable to raise equity capital to develop its wind properties, it could enter into joint ventures with larger wind developers that have greater capital resources. The corporate expenses are being reduced by the costs of the Steel Park 15MW Project discontinuance and other discretionary costs until the dispute with Pacific Hydro is resolved.

As a result of the termination of the power purchase agreements with New Brunswick Power and Arizona Public Service, the Company is focusing on the development of the 120 MW Windstar Project and the redevelopment of the Mesa Wind Farm to 50 MW's.

The Company is the subject of several lawsuits with Pacific Hydro as detailed in Legal Proceedings. If the Company is not successful in its lawsuits or settlement, Mesa Wind may be transferred to Pacific Hydro to repay the US\$13,400,000 acquisition loan, Pacific Hydro may have the right to put 4,333,333 common shares of the Company at a price of \$1.50 per share and the Company may be required to joint venture wind projects in Riverside and Kern Counties, California and Mohave County, Arizona with Pacific Hydro.

The Company's recurring losses and working capital deficiency, the uncertainty as to the ability of the Company to raise funds to repay Pacific Hydro and the lawsuits with Pacific Hydro and other parties raise substantial doubt about the Company's ability to continue as a going concern. Management plans on raising capital to repay the Pacific Hydro loan and to develop and construct wind energy projects.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements at this time.

Critical Accounting Estimates

The critical accounting estimates are as follows:

1. The Company has recorded an asset retirement obligation, based on estimates of the cost to remediate the Mesa Wind Farm at a future date.
2. The Company has performed impairment testing on the amount recorded as goodwill.
3. The Company has allocated the purchase price of property and equipment and goodwill and other intangible assets based on the estimated fair market values of assets and liabilities acquired.

4. The Company has recorded an asset retirement obligation, based on estimates of the cost to remediate the Mesa Wind Farm at a future date.
5. The Company has performed impairment testing on the amount recorded as goodwill.
6. The Company has allocated the purchase price of property and equipment and goodwill and other intangible assets based on the estimated fair market values of assets and liabilities acquired.

Since a determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of consolidated financial statements requires the use of estimates and assumptions which have been made using careful judgment. The critical accounting estimates are as follows:

1. The Company has amortized the cost of its generating facilities, equipment and power purchase agreements over their estimated useful lives.
2. The Company has recorded stock-based compensation using the Black-Scholes Option Pricing Model that requires an assumption of the expected lives of stock options granted to employees and consultants.
3. The Company has allocated the value of a conversion option using the Black-Scholes Option Pricing Model that requires an assumption on the expected life of the conversion option. The difference between the loan amount and the value of the conversion option is being accreted over the term of the loan.

Initial Adoption and Changes in Accounting Policies

As a result of the acquisition of Mesa Wind, the Company established an asset retirement obligation that records the estimated cost to remediate leased property used for wind farms and allocates the remediation cost over the expected useful life of the wind farm.

The Mesa Wind acquisition also required the Company to allocate the purchase price to the assets and liabilities acquired at their appraised values and to record future income tax liabilities created as a result of the difference between the cost bases of the assets for tax purposes and accounting purposes.

The Company has issued debt that provides the holder the right to convert the debt into common shares. The Company has valued the conversion option using the Black-Scholes Option Pricing Model and is accreting the difference between the loan amount and the fair value of the conversion option over the term of the loan.

The Company discontinued the proposed construction of the Grand Manan 20 MW and Steel Park 15 MW Generating Facilities. The results of operations, assets, liabilities, expenses, write-offs and cash flows have been segregated and recorded as discontinued operations.

The recognition of Mesa Wind as a self sustaining foreign operation has resulted in a foreign exchange gain from the date of acquisition to January 31, 2007. This foreign exchange gain has been recorded as cumulative foreign currency translation in shareholders' equity.

Transactions with Related Parties:

	<u>July 31</u>	<u>January 31</u>
	<u>2007</u>	<u>2007</u>
Consulting and directors' fees	\$ 385,327	\$ 689,219
Bonuses	83,920	334,080
Management fees	90,000	417,723
Office and secretarial	18,000	36,000
Rent	21,000	35,559
Travel and automotive	9,300	33,826
Financing costs	-	142,014
Interest	855,823	774,498
	<u>\$ 1,463,370</u>	<u>\$ 2,462,919</u>

On November 30, 2006, the spouse of an officer and director loaned the Company \$630,000 to provide funds to purchase the Kingman, Arizona land (note 9). The loan bears interest at LIBOR plus 5.98% and matures in two years. In addition, the spouse of the officer and director received a bonus of 146,500 common shares at a value of \$0.86.

For the year ended January 31, 2007, the chief executive officer and director of the Company received a bonus of \$237,723 and an officer of a subsidiary and director received a bonus of \$52,904 (US\$46,505).

In July 2006, Pacific Hydro, the owner of approximately 23% of the common shares of the Company, provided a loan of \$14,280,380 (US\$13,400,000) to acquire Mesa Wind Power (note 9). The loan accrued interest at LIBOR plus 6% and is repayable on December 31, 2006. Interest accrued on the loan for the period ending January 31, 2007 amounted to \$747,412 (US\$674,764 and \$1,520,613 at July 31, 2007).

During the fiscal year ended January 31, 2006, the Company wrote off advances receivable of \$89,796 (2005 - \$nil) that related to amounts that were allegedly embezzled by two former officers of the Company, which were set up as advances receivable and written-off during the year. The Company has commenced litigation against the two former officers. However, at this time, recoverability of the amounts written-off is uncertain.

During the fiscal year ended January 31, 2007, bonuses totaling \$nil (2006 - \$1,000,000) were awarded to two directors and officers of the Company. The 2006 bonus will be settled through the issuance of 609,759 shares. Once issued, the shares will be held in escrow and are to be released, subject to the recipient's continued service as a director or employee of the Company, over the period to October 26, 2007. Accordingly, an amount of \$334,080 (2006 - \$582,000 (2005 - \$nil)) was expensed in the year-ended January 31, 2007 and \$83,920 (2006 - \$418,000) was been and amortized to expense pursuant to the terms of the agreement. The balance of the bonus of \$83,920 was expensed during the six months ended July 31, 2007.

Controls and Procedures

At the end of the period covered by this report, being July 31, 2007, the Company carried out an evaluation of the effectiveness of the design and operation of our Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures could be improved by strengthening senior management by including another financial executive. An additional senior financial executive joined the Company in November 2007.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company's reports filed or furnished is recorded, processed, summarized and reported, within the time periods specified by regulators. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports is accumulated and communicated to management, including our President and Chief Executive Officer as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended July 31, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Announcements for the Period Under Review – Three Months Ended July 31, 2007

On May 23, 2007, the Company announced that:

1. April 2007 energy production from all its projects has exceeded 8 million kilowatt hours for the month of April. This monthly production record translates into monthly revenues of approximately CDN \$700,000.00 for April.
2. On April 18, 2007, the Company, through its US legal counsel, submitted a comprehensive settlement proposal to Pacific Hydro.
3. Western Wind Energy has hired Rodney Dees as Senior Vice President, Project Development and Construction. Rod Dees is a wind energy construction executive who has directly managed the construction of over 1,000 megawatts of wind energy projects throughout the world including projects for Zond Wind Systems, Cannon Wind Power, Enron Wind Systems and GE Energy.

On May 28, 2007 the Company announced that:

1. It was in advanced discussions with an investor group to purchase 6 million units of the common shares of Western Wind Energy at \$0.90 per unit. Each unit would be comprised of one (1) share at \$0.90 and a warrant entitling the holder to purchase one (1) additional common share at a price of \$1.05 for two (2) years. The use of proceeds was to be used for the acquisition of technical information, individual projects site data, and administrative and professional infrastructure on over 1,000 megawatts of wind energy development in the Republic of India.
2. It has issued a US \$412,500 debenture to partially repay a loan. The debenture was for a term of two years and an interest rate of 12%. In addition, the lender received a bonus of 119,000 common shares at a deemed price of \$0.75 per share.

On June 8, 2007, the Company announced that the British Columbia Securities Commission issued a Management Cease Trade Order prohibiting certain directors, officers and insiders of the Company from trading in the securities of the Company because of the failure by the Company to file, within the prescribed period of time, its audited financial statements for the year ended January 31, 2007. This restriction will remain in place until the Company's regulatory filings are brought up to date.

On June 8, 2007 the Company entered into negotiations to settle all outstanding issues between the parties and to provide for the cessation of all legal proceedings between the parties. Although the basic financial terms have been agreed to by both parties, settlement is subject to a definitive agreement. There can be no guarantee that a settlement will be reached between the Company and Pacific Hydro or that the final terms of the settlement will be favourable to the Company.

On July 5, 2007, the Company announced that definitive settlement documentation with Pacific Hydro was being finalized between the respective legal counsels of both parties. The details can only be released upon execution of the final settlement documents. The Company has also decided to cancel the 6 million share private placement previously announced on May 28, 2007, except for private placements received of \$99,000 for 110,000 units already subscribed for by arm's length subscribers.

On July 6, 2007 and on a weekly basis after that date, the Company announced, as required, that there had been no material changes in the information contained in the Notice of Default, that it was unable to meet its June 30, 2007 filing deadline and as a result of its inability to file its audited financial statements for the year ended January 31, 2007, it will be unable to file its unaudited financial statements for the three months ended April 30, 2007 within the time period required by regulatory authorities. The Management Cease Trade Order is to remain until the Company is up to date with its filings with the British Columbia Securities Commission.

Subsequent Events

On August 17, 2007, The Company announced that it had completed a private placement of 107,769 units at a price of \$0.90 per unit. Each unit consists of one share and one share purchase warrant that entitles the holder to purchase one common share at a price of \$1.05 per share until August 1, 2009.

On August 20, 2007, the Company announced it filed a copy of its 2006 Form 20F on SEDAR. The Form 20-F contained the restated audited financial statements for the year ended January 31, 2006 and a restated Management, Discussion & Analysis.

On August 29, 2007, the Company filed its restated audited financial statements and Management, Discussion & Analysis for the year ended January 31, 2006.

On September 7, 2007, the Company filed its audited financial statements for the year ended January 31, 2007 and the Management, Discussion & Analysis.

On September 19, 2007, the Company announced that the Annual General Meeting would be held on October 25, 2007 and that the record date for voting was September 14, 2007.

On September 24, 2007, the Company announced that it had filed its unaudited financial statements and MD&A for the three months ended April 30, 2007.

On October 1, 2007, the Company announced that it had entered into a Settlement Agreement with Pacific Hydro. The Settlement Agreement provides for transfer of the Company's interest in the 15 – 1 MW Mitsubishi turbines for US\$3 million and the reduction of the interest on the Mesa Acquisition Loan from January 1, 2007 to LIBOR plus 2.25% if the Company completes the repayment of the Mesa Acquisition Loan prior to April 28, 2008. In addition, all lawsuits are to be temporarily discontinued to April 28, 2008 and dismissal if the Mesa Acquisition Loan is repaid.

On October 1, 2007, the Company announced a private placement of 165,000 units at a price of \$1.00 per unit. Each unit is comprised of one share and one warrant to purchase a share at a price of \$1.20 for a period of two years.

On October 2, 2007, the Company announced a private placement of 2,000,000 units at a price of \$1.40 per unit. Each unit is comprised of one share and one warrant to purchase a share at a price of \$1.75 for a period of two years.

On October 2, 2007, the Company announced revenues of \$3,693,181 for the six months ended July 31, 2007. Subsequently, the revenues were restated to \$3,165,440 for the six months ended July 31, 2007.

On October 12, 2007, the Company announced that the private placement of 165,000 units was completed.

On October 24, 2007, the Company announced that it filed a final plan of development to expand the Mesa Wind Farm from 29.9 MW's to 50 MW's and that the FAA had approved the erection of new wind turbines at the Windridge Facility up to a height of 356 feet.

On October 26, 2007, the Company announced that the shareholders had approved the Settlement Agreement with Pacific Hydro.

On November 1, 2007, the Company announced that it will initiate development of solar energy facilities on its land in the Southwestern United States and that it has formed a wholly-owned subsidiary, Western Solargenics Inc., for the new developments.

On November 8, 2007, the Company announced that it has granted 950,000 stock options to consultants and employees exercisable at a price of \$1.54 for five years and vested over 18 months.

On November 12, 2007, the Company announced that it is entering negotiations with wind turbine suppliers to acquire up to 120 MW of wind turbines for the Windstar 120 MW project. The Company also announced the completion of the 2,061,400 unit private placement at \$1.40 per unit.

On November 28, 2007, the Company announced the appointment of James Henning as Managing Director of Project Finance, Mergers and Acquisitions and the appointment of Chris Thompson as Chief Financial Officer. The Company has also granted 275,000 options to Mr. Thompson exercisable at a price of \$1.32 for five years from the date of grant and vested over 18 months.

On December 4, 2007, the Company announced that it entered into a cooperation agreement with Solon, AG to develop solar energy facilities.

On December 10, 2007, the Company announced the appointment of George Salama as president of Western Solargenics, Inc. and the grant of 275,000 options to Mr. Salama exercisable at a price of \$1.32 for five years from the date of grant and to be vested over 18 months.

On December 21, 2007, the company entered into a sublease agreement to rent office space in Vancouver commencing January 1, 2008 and expiring February 28, 2012. The monthly rental, including operating costs, will be \$6,000 for the first 14 months increasing to \$6,200 thereafter for a total commitment of \$311,000.

Commitments and Contingent Liabilities

The commitments and contingent liabilities as at July 31, 2007 are as follows:

- a) On April 6, 2006, a Letter of Credit was established for \$1,161,613 (US\$1,090,000) to secure performance bonds to Southern California Edison. The Letter of Credit is secured by US\$1,090,000 in cash.
- b) On January 25 2006, the Company entered into an Alliance Agreement with Pacific Hydro Limited in conjunction with private placement subscriptions totalling \$9,000,000 for 6,000,000 shares. The Alliance Agreement requires the Company to offer projects to Pacific Hydro for financing and development within certain geographic areas and requires Pacific Hydro to fund development and construction costs on projects if a definitive joint venture agreement is entered into by the parties. Pacific Hydro commenced a legal action against the Company to require the Company not to develop wind farms within these geographic areas without their participation or sell, lease or use its Tehachapi property as security for a loan.
- c) The Company entered into a memorandum of understanding with a California civic government to jointly acquire and develop wind generated electricity projects in California. At this time, no definitive agreements have been entered into.
- d) The Company has a right of way with the Bureau of Land Management that expires on January 26, 2013 and the Company has the right to enter into a new 30 year right of way. The right of way requires payments of US\$78,478. The Company is committed to the removal of any structure, equipment and machinery at the end of the right of way. The Company also has an obligation to remove foundations and equipment on the termination of the right-of-way.
- e) The Company has entered into a right-of-way grant with the Bureau of Land Management for three years for 19,054 acres of land near Kingman, Arizona for a rental fee of US\$19,054 per year. Future rental rates are to be based on the fair market value of the property. The right of way grant may be renewed by making an amended application and providing a plan of development. Any improvements to the property must be removed at the end of the right-of-way.
- f) The Company entered into a property referral agreement with Richard Simons that provides for a finder's fee of US\$1,000 per MW payable on financial close.
- g) The Company has no employees, and remunerates all officers, directors, and all other individuals by way of consulting fees. In addition, certain of these individuals earned bonuses during the year.

If certain of these individuals were deemed to be employees of the Company, as opposed to consultants, then the Company could be contingently liable for unremitted payroll taxes and source deductions and possible interest and penalties. The Company has not been challenged on this issue, and as such no amounts have been accrued for any unremitted payroll taxes and source deductions, interest or penalties in the consolidated financial statements.

- h) On November 7, 2006, Pacific Hydro has commenced legal action to require the transfer of the shares of Mesa Wind Power Corporation to Pacific Hydro. The Company has filed a Statement of Defence and Counter Claim. The Statement of Defence states that Pacific Hydro did not elect to subscribe to the US\$7 million in shares to partially repay the Loan to Pacific Hydro of US\$13,400,000 so that the maturity date of the loan was extended to December 31, 2006. The Counterclaim states that Pacific Hydro has obstructed the Company's efforts to refinance the loan and demands that the maturity date be extended to 180 days after the settlement of all lawsuits with Pacific Hydro, that Pacific Hydro be restrained from taking action to realize upon its security until a final determination is made by the Court and that Pacific Hydro pay damages to the Company.

On November 8, 2006, Pacific Hydro commenced legal action to require the redemption of 4,333,333 common shares at a price of \$1.50 per share. Pacific Hydro has claimed that it has the right to put these shares to the Company pursuant to the Exclusivity Agreement. The Company has filed a Statement of Defence and Counter Claim. The Statement of Defence states that the terms and conditions of the private placement are described in the Subscription Agreement entered into by Pacific Hydro and that the Subscription Agreement does not provide for any redemption right and acknowledges that there are no written or verbal agreements related to the private placement establishing a put option. The Counter Claim is for damages resulting from the dissemination of its notice of intention to sell the common shares and related legal action by Pacific Hydro.

On December 19, 2006, Pacific Hydro commenced legal action to prevent the Company from selling, developing, leasing or using the land in Tehachapi, California without their participation. The Company is claiming that the Alliance Agreement or subsequent joint venture agreements require shareholder approval and that joint venture agreements are subject to the negotiation of a definitive agreement. The Company has filed its Statement of Defence and Counter Claim with respect to this action. Since the agreement has not been specifically approved by the shareholders, management believes that a Special General Meeting of the Shareholders is required to approve any agreement with Pacific Hydro.

The Company has entered into a Settlement Agreement with Pacific Hydro on September 28, 2007 and has completed the Phase I closing on that date and the Phase II closing on November 28, 2007. If the Company fails to repay the Mesa Wind Acquisition Loan before April 28, 2008, Pacific Hydro will foreclose on the shares of Mesa Wind that have been placed in escrow and the other lawsuits may be resumed.

- i) The Company is being sued by a former director of Eastern Wind for 50,000 stock options that were not authorized by the Company, and \$6,000 in remuneration for services. Management believes that the action is without merit; however, the ultimate outcome is indeterminable. In addition, a former director of Eastern Wind is suing the Company and its chief executive officer for slander. Subsequent to July 31, 2007, the lawsuit was settled.
- j) During the 2006 fiscal year, the Board of Directors approved the payment of bonuses totalling \$1,350,000 by the issue of common shares at \$1.64 per share. At the year end, \$300,000 of the bonus was paid by the issue of 182,930 common shares of the Company and a further 426,829 shares having a deemed value of \$700,000 have been approved but not issued. The remaining \$350,000 was payable upon the successful completion of the Grand Manan Project. Subsequent to the year end, this bonus arrangement was cancelled and the officers of Eastern Wind were terminated for cause. The officers have initiated a lawsuit for the delivery of the bonus shares and payment of income taxes that may be payable as a result of the issue of the bonus shares. Management believes that the action is without merit; however the ultimate outcome is indeterminable. The officers have also initiated a lawsuit against the Company and its chief executive officer for slander. The parties have agreed upon the terms of a settlement agreement and are preparing legal documents to implement the settlement. Management does not believe that the settlement will have a material effect on the Company.
- k) On July 9, 2007, Michael and Grace Wystrach filed a Statement of Claim against the Company claiming that they were not paid \$351,000 for a prepaid lease or, if they were paid, that the chief executive officer unlawfully misappropriated the funds. The Company will file a Statement of Defence. Management believes the lawsuit is without merit and has filed a Statement of Defence.

- l) On September 28, 2007, the Company entered a Settlement Agreement with Pacific Hydro that provided for settlement of the lawsuits described above and the termination of the business relationship between the parties. The Settlement Agreement provided for a Phase I closing and a Phase II closing, both of which have been completed.

Phase I closing provided for the following:

- i) The transfer of all assets of Steel Park, LLC except for the wind turbines and certain electrical equipment to Verde;
- ii) The transfer of the Company's interest in Steel Park, LLC to Pacific Hydro and resignations of managers nominated by Verde;
- iii) Mutual indemnities against claims, actions, losses, liabilities and expenses;
- iv) Pacific Hydro to use its best efforts to either sell the turbines to a third party or use the turbines for its own use;
- v) The payment to the Company on April 28, 2008 of an amount equal to the Company's share of the investment in the turbines times the proceeds from sale less accrued interest on the Mesa Acquisition Loan not to exceed US\$1,534,081; and
- vi) The temporary discontinuance of litigation between the parties until April 28, 2008.

Phase II closing required that the common shares of Mesa Wind and the resignations of Mesa Wind's officers and directors be placed in escrow ("Mesa Deposit") until the earlier of the repayment of the Mesa Wind Acquisition Loan and April 28, 2008. If the Mesa Acquisition Loan is repaid the common shares of Mesa Wind will be returned to the Company and if the Mesa Acquisition Loan is not repaid, the common shares will be transferred to Pacific Hydro as full satisfaction of the Mesa Acquisition Loan.

If the Mesa Wind Acquisition Loan is not repaid and the common shares of Mesa Wind are not released to Pacific Hydro from escrow, the Company is required to pay Pacific Hydro's legal fees up to US\$350,000 to enforce the terms of the Settlement Agreement. If the common shares of Mesa Wind are not released to Pacific Hydro from escrow as required by the Settlement Agreement and Pacific Hydro must exercise its existing security to foreclose, the Company is required to pay Pacific Hydro's legal fees related to the foreclosure.

After the escrow has been established, all actions between the parties will be temporarily discontinued until April 28, 2008.

Pacific Hydro retains ownership of 6,000,000 common shares of the Company. If the Company's share price reaches a specified price, Pacific Hydro has agreed to sell the 6,000,000 common shares on the TSX Venture Exchange.

Phase II closing provided for the following:

- i) A reduction of interest charged by Pacific Hydro to LIBOR plus 2.25% from January 1, 2007 to the date that the Mesa Wind Acquisition Loan is repaid;
- ii) The reduction of the Mesa Wind Acquisition Loan by US\$3,000,000 less the decrease in the interest charged by Pacific Hydro as described above if the turbines are not sold or used by Pacific Hydro prior to April 28, 2008;
- iii) The termination of the Alliance Agreement; and
- iv) The termination of all litigation between the parties.

If the Mesa Wind Acquisition Loan is not repaid by April 28, 2008, the litigation with respect to the Alliance Agreement and the Exclusivity Deed will continue.

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

Other MD&A Requirements

Additional information relating to the Company is available on SEDAR.

Disclosure of Outstanding Share Data

Summary of Securities Issued During the Period

	<u>Shares</u>	<u>Amount</u>
Balance, January 31, 2007	24,119,705	\$ 21,879,587
Debt settlement at a deemed price of \$0.80 per share	179,375	143,500
Private placement at \$0.90 per unit net of issuance costs of \$38,100	732,000	620,700
Allocation of fair value of warrants		(255,420)
Exercise of warrants at \$1.03	<u>712,000</u>	<u>733,360</u>
Balance, April 30, 2007 and January 31, 2007	<u>25,743,080</u>	<u>\$ 23,121,727</u>

Summary of Options Granted During the Period

No options were granted during the three months ended July 31, 2007.

Summary of Marketable Securities Held at the End of the Period

Nil

Summary of Securities at the End of the Reporting Period

Authorized Capital: unlimited common shares without par value, unlimited class A preferred securities without par value

Issued and Outstanding: 25,743,080 common shares

Number and Recorded Value for Shares Issued and Outstanding

At July 31 2007, the Company had 25,743,080 common shares outstanding having a paid up value of \$0.90 per share (\$23,121,727).

Description of Options, Warrants and Convertible Securities Outstanding

Type of Security	Number or Amount	Exercise or Conversion Price	Expiry Date
Stock Options	100,000	\$0.86	November 4,, 2007
Stock Options	100,000	\$1.05	June 25, 2008
Stock Options	400,000	\$1.74	October 31, 2008
Stock Options	200,000	\$2.40	October 31, 2008
Stock Options	50,000	\$2.55	November 10, 2008
Stock Options	100,000	\$1.43	March 16, 2009
Stock Options	200,000	\$1.44	May 20, 2009
Stock Options	100,000	\$1.44	May 25, 2009
Stock Options	25,000	\$1.52	June 11, 2009
Stock Options	250,000	\$1.40	September 2, 2009
Stock Options	250,000	\$1.33	September 9, 2010
Stock Options	850,000	\$1.23	September 25, 2011
Stock Options	250,000	\$1.10	February 23, 2012
Warrants	666,667	\$1.60	October 24, 2007
Warrants	441,133	\$1.60 (1st year)	December 5, 2007
		\$2.20 (2 nd year)	December 5, 2008
Warrants	1,000,000	\$1.60	January 27, 2008
Warrants	4,333,333	\$1.60	January 31, 2008
Warrants	117,416	\$1.30	November 28, 2008
Warrants	20,000	\$1.30	December 27, 2008
Warrants	774,000	\$1.05	February 23, 2009

Total Number of Shares in Escrow or Subject to Pooling Agreement

Nil