

## MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ending March 31, 2005  
(as at May 24, 2005)

### Overview

Wescan Goldfields Inc. ("Wescan") has a mandate to take advantage of improved precious metal prices through the exploration and eventual development of its gold properties as well as pursue any other opportunities suitable for an aggressive junior development stage enterprise. During the first quarter of 2005, Wescan has followed its mandate very closely by raising additional financing to pursue its goals, acquiring a 50% interest in several uranium properties, and beginning exploratory drilling at the former Jasper Gold Mine.

On February 23, 2005, Wescan announced that the Company had raised additional funding from a private placement of 3,250,000 units of the Company for gross proceeds of \$877,500. Each unit consists of one common share and one half of one common share purchase warrant. The Company will use the proceeds for general working capital requirements and for exploration of its properties.

On March 2, 2005, Wescan acquired a 50% working interest in 7 prospecting permits in northern Saskatchewan. These properties total 139,000 hectares and are situated in and around the Athabasca Basin and cover a range of geologic settings normally prospective for uranium mineralization.

In early April, Wescan announced diamond drilling commenced at the Jasper Gold Mine on the Company's 100% owned Fork Lake property. The initial 1,500 meter program confirmed ore structures immediately adjacent to and below mined stopes of the former producing mine. A follow up drill program is planned to test the ore structures further down plunge and along strike.

### Highlights

Selected financial information of the Company for the quarters ended March 31, 2005 and 2004 is as follows. Financial information for the first quarter of 2004 has been extracted from the consolidated financial statements of the Company's then parent company Shore Gold Inc. Specifically:

	Three Months Ended March 31, 2005 \$	Three Months Ended March 31, 2004 \$
Revenues <sup>(1)</sup>	12,867	-
Net income (loss) <sup>(2)</sup>	249,754	(43,281)
Net income (loss) per share <sup>(3)</sup>	0.01	(432.81)
Cash from operations <sup>(4)</sup>	(79,934)	(43,281)
Working capital (deficit) <sup>(5)</sup>	2,808,246	(151,433)

- (1) The Company's revenues come exclusively from interest earned on cash balances. The increase in revenue is related to new equity offerings during 2004 and the first quarter of 2005; the proceeds of which have been invested in short-term instruments intended to maximize return while being readily available for ongoing costs of operation and exploration activities.
- (2) The Company went from a net loss during the first quarter of 2004 of \$43,281 to net income of \$249,754 during the first quarter of 2005. The change is predominately related to the income tax recovery as the result of the Company having unrecorded loss carryforwards and tax pools in excess of the future income tax liabilities created upon the renunciation of flow-through expenditures to investors during the quarter.
- (3) Basic and diluted.
- (4) Cash flow used in operations increased from \$43,281 for the first quarter of 2004 to \$79,934 over the same period for 2005. The increase in cash expenditures in the first quarter of 2005 is largely associated with costs of regulatory requirements of being a public company. In addition, in the first quarter of 2004, Shore Gold Inc., the Company's then parent, provided certain management services and other common costs at no charge.
- (5) The significant increase in working capital from 2004 to 2005 is the result of the successful Initial Public Offering and private placements during the latter part of 2004 and the first quarter of 2005.

## **Results of Operations**

For the quarter ended March 31, 2005, the Company recorded net income of \$249,754 (\$0.01 per share) compared to a net loss of \$43,281 (\$432.81 per share) for the same period in 2004. The difference between March 31, 2004 and 2005 is predominately related to the income tax recovery as the result of the Company having unrecorded loss carryforwards and tax pools in excess of the future income tax liabilities created upon the renunciation of flow-through expenditures to investors during the quarter.

### ***Revenues***

The Company invested excess cash reserves in short-term deposits to maximize return while ensuring funds would be available for cash outflow requirements associated with the Company's three gold properties and the Company's 50% interest in its newly acquired uranium properties. For the quarter ending March 31, 2005 the Company reported interest revenue of \$12,867 as compared to \$0 for the quarter ending March 31, 2004. The \$12,867 in revenue in the first quarter of 2005 is the result of having surplus cash for investing after the completion of the Initial Public Offering on October 7, 2004 and subsequent equity financings during 2004 and the first quarter of 2005.

### ***Expenses***

Total operating costs for the quarter ending March 31, 2005 equaled \$92,801 compared to \$43,281 for the quarter ended March 31, 2004. This represents an increase of \$49,520 million or 114%. This increase is predominately related to the increase in administration expense. Administration expense increased \$59,301 from \$3,478 in the first quarter of 2004 to \$62,779 for the quarter ended March 31, 2005. The increase is due to fees for items such as lease costs, insurance and personnel costs during the first quarter of 2005 that had been previously provided to the Company at no charge during the first quarter of 2004 from its then parent company Shore Gold Inc. The Company's administrative

expenses also increased as a result of normal expenses associated with being a public company that did not exist prior to the Company going public on October 7, 2004. Consulting and professional fees remained relatively stable from quarter to quarter, only increasing by \$5,000 or 22% for the same period last year. Finally, professional fees decreased from \$17,303 for the first quarter of 2004 to \$2,522 for the corresponding quarter in 2005 and represent an 85% decrease in costs. The large expense in the first quarter of 2004 was primarily related to legal fees associated with amending the Company's articles of incorporation and general inquires regarding initial public offerings.

### ***Investing***

Mineral properties additions totaled \$81,163 this quarter compared to \$0 for the quarter ended March 31, 2004. The additions predominately relate to the acquisition of a 50% interest in 7 uranium properties located in the Athabasca Basin region of northern Saskatchewan. Additions to the Fork Lake property were also incurred and were for the review of historical data as well as the preliminary costs associated with the initial confirmation drill program for the property that began in early April of 2005.

### ***Financing***

During the quarter ended March 31, 2005, the Company completed a private placement of 3,250,000 million units at \$0.27 per unit for gross proceeds of \$877,500. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share in the capital of Company for a period of 12 months from closing at a price of \$0.32 per share.

### **Summary of Quarterly Results**

Selected financial information of the Company for all of the last 8 fiscal quarters is unavailable, as the Company did not become a reporting issuer until into the final quarter of 2004. Prior thereto, the Company was a wholly owned subsidiary of Shore Gold Inc. and its results of operations formed part of Shore's financial information. In accordance with National Instrument 51-102F1, a company does not need to provide information for a quarter prior to the company becoming a reporting issuer if the company has not prepared financial statements for those quarters. The Company has not prepared financial statements prior to the first quarter of 2004, accordingly the quarterly information for the last 5 fiscal quarters is as follows. Specifically:

	2005	2004			
	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$
Revenues <sup>(1)</sup>	12,867	7,629	-	-	-
Net income (loss) <sup>(2)</sup>	249,754	(142,914)	49,228	(91,433)	(43,281)
Net income (loss)/share <sup>(3)</sup>	0.01	(0.01)	0.01	(0.05)	(432.81)
Capital expenditures <sup>(4)</sup>	81,163	16,682	-	271,063	-
Shares outstanding <sup>(5)</sup>	34,324,493	31,074,493	12,000,100	12,000,100	100

- (1) The Company's revenues come exclusively from interest earned on cash balances. The increase in revenue is related to new equity offerings during 2004 and the first quarter of 2005; the proceeds of which have been invested in short-term instruments intended to maximize return while being readily available for ongoing costs of operation and exploration activities.
- (2) The losses in the first two quarters of 2004 predominately related to consulting and professional fees associated with the Initial Public Offering of the Company that were reclassified in the 3<sup>rd</sup> quarter of 2004 to deferred share issue costs. This reclassification is the reason for the Company reporting income in the 3<sup>rd</sup> quarter of 2004. The fourth quarter loss resulted from both the fair-value of stock options expensed during the quarter as well as professional fees associated with listing on the TSX – Venture Exchange. Finally, first quarter income reported in 2005 is predominately related to the income tax recovery as the result of the Company having unrecorded loss carryforwards and tax pools in excess of the future income tax liabilities created upon the renunciation of flow-through expenditures to investors during the quarter.
- (3) Basic and diluted.
- (4) Capital expenditures in the 2<sup>nd</sup> quarter of 2004 related to the acquisition of a portfolio of gold properties from Shore Gold Inc. in exchange for 12 million shares of the Company. The additions in the first quarter of 2005 predominately related to the acquisition of a 50% interest in 7 uranium properties located in the Athabasca Basin region of northern Saskatchewan.
- (5) In the second quarter of 2004, the Company issued 12,000,000 shares in exchange for a portfolio of gold properties. The Initial Public Offering of the Company was closed in the 4<sup>th</sup> quarter of 2004 and resulted in the issue of an additional 14,000,000 common shares. Private placements in late 2004 and in the first quarter of 2005 resulted in the remaining changes to the common shares issued and outstanding.

## **Liquidity & Financial Resources**

The Company does not currently operate any producing properties and; as such, is dependent upon the issuance of new equity to finance its ongoing obligations and advance its exploration properties. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

As at March 31, 2005, the Company has working capital of \$2.8 million as compared to \$2.1 million at December 31, 2004 and a working capital deficit of \$151,433 at March 31, 2004. In addition, as at March 31, 2005, the Company had approximately 2.8 million warrants outstanding that are “in the money” and should result in an additional \$879,100 being added to cash reserves prior to February 2006. As at May 24, 2005, the Company had a total of 34,324,493 common shares issued and outstanding. In addition, the Company had 2,822,000 warrants, 242,183 broker warrants and 1,400,000 options outstanding. In the event all warrants and options were exercised, the Company would be required to issue a further 4,464,183 common shares.

## **Accounting Estimates**

A summary of the Company's significant accounting policies is contained in Note 2 to the audited consolidated financial statements for the years ended December 31, 2004 and 2003. The critical accounting estimate in determining the Company's financial results

relates to the recoverability of the carried amounts of mineral properties. Management periodically assesses carrying values of non-producing properties. As at March 31, 2005, the Company has not yet determined whether any of its mineral properties contains economically recoverable reserves.

### **Related Party Transactions**

During the quarter ended March 31, 2005, management and consulting fees of \$28,400 (2004 – \$22,500) were paid to directors, officers and companies controlled by common directors; \$27,500 (2004 - \$22,500) of these fees was included as consulting fees and \$900 (2004 - \$0) was included as administration expense.

During the quarter ended March 31, 2005, the Company paid Shore Gold Inc. \$9,000 (2004 - \$0) for services performed by Shore Gold Inc. and the use of office space. As at March 31, 2005, Shore Gold Inc. holds 8,470,105 common shares of the Company representing a 24.7% interest in the Company.

The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### **Outlook**

As at March 31, 2005, the Company has \$2.9 million in cash and cash equivalents that will partially be used to complete a comprehensive drill program on the Fork Lake property as well as other drill programs on the Company's two other gold properties. The balance of cash and cash equivalents will be used to fund a further review of the Company's recently acquired uranium interests, general corporate matters, and other opportunities as they may arise.

### **Caution regarding Forward-looking Information**

Some of the statements contained in this report are forward-looking statements, such as estimates that describe the Company's future plans, objectives or goals. This includes words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events or conditions, by their very nature they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Further information relating to the Company has been filed on SEDAR and may be viewed at [www.sedar.com](http://www.sedar.com).