

# WESCAN GOLDFIELDS INC.



## **Consolidated Financial Statements** **March 31, 2007**

(A Development Stage Entity)

**WESCAN GOLDFIELDS INC.**  
**Unaudited Interim Consolidated Financial Statements**

**For the Three -Month Period Ended**  
**March 31, 2007**

Notice to Reader

Management has compiled the unaudited consolidated financial statements of Wescan Goldfields Inc. for the three-month period ended March 31, 2007. The Corporation's external auditors have not reviewed these statements.

**Wescan Goldfields Inc.**  
**(A Development Stage Entity)**  
**Consolidated Balance Sheets**

	<u>March 31,</u> 2007	<u>December 31,</u> 2006
<b>Assets</b>		
Current assets:		
Cash	\$ 77,990	\$ 208,857
Short-term investments	4,467,782	5,015,417
Receivables	35,361	95,017
Prepays	<u>37,302</u>	<u>14,024</u>
	4,618,435	5,333,315
Mineral properties (note 3)	6,091,535	5,754,069
Equipment	<u>365,757</u>	<u>173,828</u>
	<u>\$ 11,075,727</u>	<u>\$ 11,261,212</u>
<b>Net (loss) income</b>		
Current liabilities:		
Payables and accrued liabilities	\$ 285,806	\$ 155,034
Future income tax liability	306,000	402,000
Shareholders equity:		
	11,205,312	11,205,312
	616,885	496,427
Deficit	<u>(1,338,276)</u>	<u>(997,561)</u>
	<u>10,483,921</u>	<u>10,704,178</u>
	<u>\$ 11,075,727</u>	<u>\$ 11,261,212</u>

**Wescan Goldfields Inc.**  
**(A Development Stage Entity)**  
**Consolidated Statements of Income and Deficit**

	Three Months Ended March 31,	
	2007	2006
<b>Income</b>		
Interest income	\$ 52,733	\$ 52,475
<b>Expenses</b>		
Administration	381,659	93,655
Consulting fees	25,500	40,082
Professional fees	62,806	11,116
Amortization	17,467	7,906
	487,432	152,759
Equipment		
<b>Net loss before the undernoted items</b>	(434,699)	(100,284)
Future income tax recovery (note 6)	96,000	247,000
	(338,699)	146,716
<b>Net (loss) income</b>	(338,699)	146,716
<b>Deficit, beginning of period</b>	(999,577)	(422,044)
<b>Deficit, end of period</b>	\$ (1,338,276)	\$ (275,328)
Basic and diluted	\$ (0.01)	\$ 0.00
<b>Weighted average number of shares outstanding</b>	49,968,075	47,722,285

**Wescan Goldfields Inc.**  
**(A Development Stage Entity)**  
**Consolidated Statements of Cash Flows**

	Three Months Ended March 31,	
	2007	2006
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Net (loss) income	\$ (338,699)	\$ 146,716
Non-cash item:		
Amortization	17,467	7,906
Fair value of stock options vested	120,458	
Future income tax recovery	(96,000)	(247,000)
Net change in non-cash operating working capital items:		
Receivables	23,863	(66,242)
Prepays	(23,278)	(15,730)
Payables and accrued liabilities	26,154	(55,168)
Equipment	\$ (270,036)	\$ (229,518)
<b>Investing:</b>		
Additions to mineral properties	\$ (339,482)	\$ (1,213,814)
Additions to equipment	(209,395)	(11,358)
Net change in non-cash investing working capital items:		
Receivables	35,793	(29,752)
Payables and accrued liabilities	104,618	86,173
	\$ (408,466)	\$ (1,168,751)
Issue of common shares (net of issue costs)	\$ -	\$ 825,228
	\$ -	\$ 825,228
<b>Increase (decrease) in cash position</b>	<b>\$ (678,502)</b>	<b>\$ (573,041)</b>
<b>Cash position, beginning of period</b>	<b>5,224,274</b>	<b>6,231,459</b>
<b>Cash position, end of period</b>	<b>\$ 4,545,772</b>	<b>\$ 5,658,418</b>
<b>Cash position consists of:</b>		
Cash	\$ 77,990	\$ 713,853
Short-term investments	4,467,782	4,944,565
	<b>\$ 4,545,772</b>	<b>\$ 5,658,418</b>

## WESCAN GOLDFIELDS INC.

(A Development Stage Entity)

Notes to the Consolidated Financial Statements (for the three-month period ended March 31, 2007)

### 1. Nature of Operations

Wescan Goldfields Inc. was originally incorporated as Shore Resources Inc. under the Business Corporations Act of Alberta on January 17, 2003 and by amended articles dated April 2, 2004 changed its name to Wescan Goldfields Inc. ("Wescan"). Substantially all of the Company's efforts are directed to the exploration and development of its mineral properties. The Company has not earned significant revenue and is therefore, considered to be in the development stage with respect to its current mineral property holdings.

### 2. General

These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting principles and methods of application as the most recent annual audited consolidated financial statements. These unaudited consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements included in the 2006 annual report.

### 3. Mineral Properties

Mineral properties for the three-month period ended March 31, 2007 is made up of the following:

	Gold				Uranium	Total
	Fork Lake/ Jasper/ Tamar	Munro	Jojay	Limestone Lake	Athabasca Basin Properties	
Balance, December 31, 2006	\$3,691,971	\$ 69,841	\$1,448,644	\$ 49,699	\$ 493,914	\$5,754,069
Acquisition & staking	-	-	-	6,000	165,423	171,423
Consulting/Personnel	12,221	-	-	-	-	12,221
Drilling	103,258	-	-	-	-	103,258
Surveying	-	-	-	-	-	-
Other	44,624	-	-	-	5,940	50,564
Balance, March 31, 2007	\$3,852,074	\$ 69,841	\$1,448,644	\$ 55,699	\$ 665,277	\$6,091,535

The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

#### a) Fork Lake/Jasper/Tamar Property

The Company holds a 100% interest in the Fork Lake/Jasper/Tamar property, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan.

#### b) Munro Property

The Company holds a 51% interest in the Munro property, consisting of certain mineral dispositions located approximately 128 kilometers northeast of La Ronge, Saskatchewan.

#### c) Jojay Property

The Company holds a 100% interest in the Jojay property, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The Company acquired the original 25% property interest in 2004 from its then parent company, Shore Gold Inc. On October 24,

2006, the Company acquired the remaining 75% property interest in a non-cash exchange for 3,500,000 shares valued at \$1,365,000.

d) Limestone Lake Property

The Company staked claims on the Limestone Lake gold property located 157 kilometers southeast of La Ronge, Saskatchewan.

e) Athabasca Basin Properties

The Company acquired a 50% interest in six uranium properties in or around the Athabasca basin in northern Saskatchewan. A 50% interest in five additional claims in the same area was added during 2006.

**4. Share Capital**

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

The common shares of the Company are entitled to dividends pro rated and when declared by the Board of Directors, to one vote per share at meetings of the shareholders and, upon dissolution or any other distribution of assets, to receive pro rated such assets of the Company as are distributable to the holders of the common shares.

Issued and outstanding

	Common Shares	Warrants	Amount
Balance – December 31, 2006	59,045,166	2,958,214	\$ 11,205,312
Warrants exercised (a)	-	-	-
Broker warrants exercised (b)	-	-	-
Options exercised (c)	-	-	-
Balance – March 31, 2007	59,045,166	2,958,214	\$ 11,205,312

a) Warrants

On certain issues of common shares, the Company has attached warrants to the common shares entitling the holder to acquire additional common shares of the Company. A summary of the outstanding warrants is as follows:

	Warrants	Average Price
Balance - December 31, 2006	2,958,214	\$ 0.45
Granted	-	-
Exercised	-	-
Balance - March 31, 2007	2,958,214	\$ 0.45

The warrants outstanding expire December 19, 2007.

b) Broker warrants

On certain issues of common shares, the Company issued broker warrants as partial consideration to the agent for services associated with the share issuance. Each broker warrant entitles the agent to acquire one common share of the Company for a period of 12 months from closing. A summary of the outstanding broker warrants is as follows:

	Warrants	Average Price
Balance - December 31, 2006	66,194	\$ 0.45
Granted	-	-
Exercised	-	-
Balance - March 31, 2007	66,194	\$ 0.45

The broker warrants outstanding expire December 19, 2007.

c) Share option plan

The Company has established a share option plan whereby options may be granted to directors, officers and key employees to purchase up to an aggregate of 10% of the issued and outstanding shares of the Company. Options granted have an exercise price of not less than the market price (on the date of grant) of the common shares on the stock exchange on which the shares are traded. Certain options vest immediately while others vest six to twelve months after grant date and expire 5 years from the date of the grant of the options.

A summary of the outstanding options at March 31, 2007 is as follows:

	Options	Average Price
Balance - December 31, 2006	3,150,000	\$ 0.54
Granted	50,000	0.38
Exercised	-	-
Forfeited	100,000	0.65
Balance - March 31, 2007	3,100,000	\$ 0.53

d) Contributed surplus

The fair-value of stock options and broker warrants has been determined using the Black-Scholes option-pricing model. The fair-value on the grant of these securities has been added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital. A summary of the contributed surplus activity is as follows:

	Amount
Balance – December 31, 2006	\$ 496,427
Fair value of options vested	120,458
Less: contributed surplus related to options exercised	-
Less: contributed surplus related to broker warrants exercised	-
Balance – March 31, 2007	\$ 616,885

## 5. Related Party Transactions

During the quarter management and consulting fees of \$21,000 (2006 - \$28,750) were paid to directors, officers and companies controlled by common directors; \$3,000 (2005-\$28,750) of these fees was included as consulting fees and \$18,000 (2005 - \$0) was included as administration expense.

During the quarter the Company was charged \$112,054 (2005 - \$97,322) from Shore Gold Inc. for administration services, office space and equipment leases.

As at March 31, 2007 Shore Gold Inc. holds 11,474,086 common shares of the Company representing a 19.4% (2006 – 18.1%) interest in the Company.

The above transactions were in the normal course of operations and are measured at an amount agreed to by the related parties.