

# WESCAN GOLDFIELDS INC.



## **Consolidated Financial Statements March 31, 2008**

(A Development Stage Entity)

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

**For the Three-Month Period Ended**  
**March 31, 2008**

Notice to Reader

Management has compiled the unaudited consolidated financial statements of Wescan Goldfields Inc. for the three-month period ended March 31, 2008. The Corporation's external auditors have not reviewed these statements

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

	<u>March 31,</u> 2008	<u>December 31,</u> 2007
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,618,848	\$ 3,413,275
Receivables	109,708	100,432
Prepays	<u>41,012</u>	<u>12,653</u>
	1,769,568	3,526,360
Mineral properties (note 4)	9,702,851	7,948,522
Property and equipment	<u>488,398</u>	<u>491,560</u>
	<u>\$ 11,960,817</u>	<u>\$ 11,966,442</u>
Current liabilities:		
Payables and accrued liabilities	\$ 773,133	\$ 528,085
Future income tax liability	-	25,500
Shareholders equity:		
Share capital (note 5)	12,698,522	12,698,522
Contributed surplus (note 5)	799,554	758,698
Deficit	<u>(2,310,392)</u>	<u>(2,044,363)</u>
	<u>11,187,684</u>	<u>11,412,857</u>
	<u>\$ 11,960,817</u>	<u>\$ 11,966,442</u>

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

	Three Months Ended March 31,	
	2008	2007
<b>Income</b>		
Interest	\$ 31,120	\$ 52,733
<b>Expenses</b>		
Administration	285,265	383,675
Consulting fees	17,963	25,500
Professional fees	1,867	62,806
Amortization	11,237	17,467
	<u>316,332</u>	<u>489,448</u>
<b>Loss before the undernoted item</b>	(285,212)	(436,715)
Future income tax recovery	25,500	96,000
	<u>(259,712)</u>	<u>(340,715)</u>
<b>Net loss and comprehensive loss</b>	(259,712)	(340,715)
<b>Deficit, beginning of period</b>	<u>(2,050,681)</u>	<u>(997,561)</u>
<b>Deficit, end of period</b>	<u>\$ (2,310,392)</u>	<u>\$ (1,338,276)</u>
<b>Net loss per share</b>		
Basic and diluted	\$ (0.00)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>	62,983,916	49,968,075

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

	Three Months Ended March 31,	
	2008	2007
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Net loss and comprehensive loss	\$ (259,712)	\$ (340,715)
Non-cash items:		
Amortization	11,237	17,467
Fair value of stock options vested	40,857	120,458
Future income tax recovery	(25,500)	(96,000)
<b>Net change in non-cash operating working capital items:</b>		
Receivables	(5,566)	23,863
Prepays	(28,359)	(23,278)
Payables and accrued liabilities	73,514	26,153
	(193,529)	(272,052)
<b>Investing:</b>		
Additions to mineral properties	(1,736,831)	(337,466)
Additions to equipment	(31,891)	(209,395)
<b>Net change in non-cash investing working capital items:</b>		
Receivables	(3,710)	35,793
Payables and accrued liabilities	171,534	104,618
	(1,600,898)	(406,450)
<b>Decrease in cash and cash equivalents</b>	(1,794,427)	(678,502)
<b>Cash and cash equivalents, beginning of period</b>	3,413,275	5,224,274
<b>Cash and cash equivalents, end of period</b>	\$ 1,618,848	\$ 4,545,772
<b>Cash and cash equivalents, consists of:</b>		
Cash	\$ 494,113	\$ 77,990
Guaranteed investment certificates	1,124,735	4,467,782
	\$ 1,618,848	\$ 4,545,772

## **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 2007 annual report.

## **3. Changes in accounting policies**

Effective January 1, 2008, the Company adopted the following accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

### a) Financial instruments presentation and disclosure

On January 1, 2008, the Company adopted CICA handbook sections relating to financial instruments presentation and disclosure. These sections are intended to enhance the users’ ability to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

#### i) Financial assets

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Due to the short-term maturity of accounts receivable, the carrying amount approximate fair value.

The Company has not entered into any hedging relationships and does not hold any other available-for-sale securities that would result in the recognition of other comprehensive income or loss.

#### ii) Financial liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Due to the short term nature of accounts payable and accrued liabilities, respective carrying amounts approximate fair value.

#### iii) Management of financial risk

The Company’s financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

**WESCAN GOLDFIELDS INC.**  
(A Development Stage Entity)  
**Notes to Interim Consolidated Financial Statements**  
(Unaudited)

Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure that it will have sufficient liquidity to meet its obligations when due.

Accounts payable and accrued liabilities are due within the current operating period.

b) Capital disclosure

On January 1, 2008, the Company adopted CICA handbook sections relating to capital disclosure. This additional disclosure includes information regarding an entity's objectives, policies and processes for managing capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholder's equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company expects its current capital resources will be sufficient to carry its exploration plans through its current operating period.

**4. Mineral Properties**

Mineral properties for the three-month period ended March 31, 2008 is made up of the following:

	Gold/Other				Uranium		Total
	Fork Lake/ Jasper/ Tamar	Mud Lake	Munro	Jojoy	Limestone Lake/ Hanson Lake/Other	Athabasca Basin Properties	
Balance, December 31, 2007	\$4,910,201	\$259,071	\$78,087	\$1,921,562	\$ 55,789	\$723,812	\$7,948,522
Acquisition & Staking	-	-	-	-	-	-	-
Consulting/Personnel	-	-	-	23,465	-	-	23,465
Drilling	21,202	104,606	-	865,923	-	-	991,731
Surveying	-	-	-	-	-	576,805	576,805
Other	29,707	-	4,434	128,187	-	-	162,328
Balance, March 31, 2008	\$4,961,110	\$363,677	\$ 82,521	\$ 2,939,137	\$ 55,789	\$1,300,617	\$9,702,851

**WESCAN GOLDFIELDS INC.**  
(A Development Stage Entity)  
**Notes to Interim Consolidated Financial Statements**  
(Unaudited)

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 and cost of properties acquired, 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) Mud Lake Property

In 2007, Wescan entered into an option agreement with Alto Ventures Ltd. (“Alto”). Under the terms of the agreement, Wescan has an exclusive and irrevocable option to acquire an undivided 50% interest in Alto’s Mud Lake property by making \$600,000 in exploration expenditures and issuing 150,000 Wescan shares to Alto over a two year period. As at March 31, 2008, Wescan has incurred \$346,677 of exploration expenditures and has issued 50,000 shares to Alto in accordance with the terms of the option agreement.

c) 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.

d) 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.

e) Limestone Lake/Hanson Lake Properties

The Company staked seven claims in the Limestone and Hanson Lake area located 85 kilometres west of Creighton, Saskatchewan during 2006. An additional claim was staked in 2007.

f) 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. An additional claim was added in 2007.

**WESCAN GOLDFIELDS INC.**  
(A Development Stage Entity)  
**Notes to Interim Consolidated Financial Statements**  
(Unaudited)

**5. 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, 2007	62,983,916	-	\$ 12,698,522
Broker warrants exercised (a)	-	-	-
Options exercised (b)	-	-	-
Balance – March 31, 2008	62,983,916	-	\$ 12,698,522

a) 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, 2007	181,938	\$ 0.40
Granted	-	-
Exercised	-	-
Balance - March 31, 2008	181,938	\$ 0.40

The broker warrants outstanding expire July 18, 2008.

b) 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, 2008 is as follows:

	Options	Average Price
Balance - December 31, 2007	4,010,000	\$ 0.45
Granted	-	-
Exercised	-	-
Expired	50,000	0.36
Balance - March 31, 2008	3,960,000	\$ 0.45

**WESCAN GOLDFIELDS INC.**  
(A Development Stage Entity)  
**Notes to Interim Consolidated Financial Statements**  
(Unaudited)

c) 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, 2007	\$ 758,698
Fair value of options vested	40,857
Less: contributed surplus related to options exercised	-
Less: contributed surplus related to broker warrants exercised	-
Balance – March 31, 2008	\$ 799,554

**6. Related Party Transactions**

During the quarter management and consulting fees of \$18,000 (2007 - \$21,000) were paid to directors, officers and companies controlled by common directors; \$- (2007-\$3,000) of these fees was included as consulting fees and \$18,000 (2007- \$18,000) was included as administration expense.

During the quarter the Company was charged \$18,000 (2007 - \$112,054) from Shore Gold Inc. for administration services, office space and equipment leases. Accounts payable includes \$3,000 (2007 – \$29,000) due to Shore Gold Inc.

As at March 31, 2008 Shore Gold Inc. holds 11,474,086 common shares of the Company representing a 18.2% (2007 – 19.4%) 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.

**7. Subsequent Events**

In April 2008, the Company applied for an extensive package of coal dispositions in the east-central area of Saskatchewan covering approximately 240,000 hectares in accordance with the Coal Disposition Act of Saskatchewan.

# WESCAN GOLDFIELDS INC.



## **CORPORATE INFORMATION**

### **Head Office**

600, 224 – 4th Ave. S.  
Saskatoon, Saskatchewan  
Canada S7K 5M5  
Tel: (306) 664-2422  
Fax: (306) 667-3557

### **Directors**

Kenneth E. MacNeill  
M.F. (Moe) Lindsay  
Harvey J. Bay  
Arnie E. Hillier  
Val L. Michasiw  
Gary L. Billingsley

### **Officers**

Kenneth E. MacNeill – C.E.O.  
Judy Stoeterau – President  
Todd M. Grychowski – C.F.O.  
Kirsten Marcia – VP of Exploration

### **Solicitors**

Bennett Jones LLP  
Calgary, Alberta

### **Auditors**

KPMG, LLP  
Saskatoon, Saskatchewan

### **Bank**

Canadian Western Bank  
Saskatoon, Saskatchewan

### **Exchange Listing**

TSX Venture Exchange  
62,983,916 common shares issued and outstanding as at May 26, 2008

### **Trading Symbol:**

WGF

### **Website:**

[www.wescangoldfields.com](http://www.wescangoldfields.com)

### **Email:**

[info@wescangoldfields.com](mailto:info@wescangoldfields.com)