

# WESCAN GOLDFIELDS INC.



*Management's Discussion and Analysis*  
*June 30, 2011*

## **MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")**

The following discussion and analysis is prepared by Management as of August 18, 2011 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended June 30, 2011 ("financial statements for the period ended June 30, 2011") available on SEDAR at [www.sedar.com](http://www.sedar.com). Wescan Goldfields Inc. ("Wescan" or "the Company") prepared its financial statements for the period ended June 30, 2011 in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Prior to 2011, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). In this MD&A, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. In accordance with the standard related to the first time adoption of IFRS, the Company's transition date to IFRS was January 1, 2010 and therefore the comparative information for 2010 has been prepared in accordance with the Company's IFRS accounting policies. The 2009 financial information contained within this MD&A has been prepared following Canadian GAAP and has not been re-presented on an IFRS basis. The disclosures concerning the transition from Canadian GAAP to IFRS are included in Note 10 of the financial statements for the period ended June 30, 2011.

### **Overview**

During the first half of 2011, Wescan focused on reviewing historical drill, geological and geotechnical data in order to plan the 2011 exploration activities on its portfolio of gold and coal properties. Based on this review, the Company undertook the raising of sufficient capital during the first quarter in order to finance a significant portion of the planned 2011 exploration programs. Following the completion of a \$1.6 million financing on February 24, 2011, Wescan announced certain exploration programs for the year. The programs commenced in June of 2011 on the Company's portfolio of gold properties in the La Ronge Gold Belt in northern Saskatchewan. The Company's large parcel of coal permits has also been reviewed and the Company intends to focus future coal exploration programs on certain areas of high potential.

### **Jojay Gold Project**

On June 17, 2011, Wescan announced the commencement of a 2,500 metre drill program based on recommendations from a review of historical drilling data completed in February 2011 by an internal technical team and external consultants. This program follows the recommendations contained within the technical report that accompanied the National Instrument 43-101 compliant resource estimate completed by ACA Howe International Limited ("ACA Howe") in 2010 (see Wescan News Release February 4,

2010). The objective of the program is to expand upon the resource estimate completed last year.

### **Jasper Gold Project**

ACA Howe has conducted a desktop review of the Jasper Gold Project which has assisted with the commencement of a separate 2,500 metre drill program, to further assess the future potential of this past producing mine. The intent of this program will be to expand and further delineate the known mineralized areas which are still open at depth and along strike, as was determined from Wescan's previous drill programs. Drilling will also focus on mineralized areas around the old mine workings that may contain additional resources.

### **Munro Lake Gold Project**

During the second quarter the Company also announced it will conduct a Magnetic and Electromagnetic airborne geophysical survey on the Company's Munro Lake property located north of La Ronge Saskatchewan (see Wescan news release June 22, 2011). This airborne geophysical survey is being conducted to assist in the interpretation of historic soil sampling and prospecting programs which identified anomalous gold targets throughout the property. The survey will aid in identifying potential mineralized zones which could be associated with surface geochemical anomalies. The results of the survey are expected sometime during the third quarter of 2011.

### **Hudson Bay and Pinehouse Lake Coal Projects**

A review has been conducted of all regional geophysical and geological data relating to the Company's coal exploration properties for the purpose of identifying the most prospective areas following the Company's 2009 drill program. Based on this review, Wescan is in the process of identifying which coal permits to renew as well as planning an exploration program to target the highest priority areas. This program may include drill testing and further delineation using airborne geophysical surveys.

### **Financial Highlights**

Selected financial information of the Company for the three and six months ended June 30, 2011 and 2010 is summarized as follows:

	<b>Three Months Ended June 30, 2011 \$</b>	<b>Three Months Ended June 30, 2010 \$</b>	<b>Six Months Ended June 30, 2011 \$</b>	<b>Six Months Ended June 30, 2010 \$</b>
<b>Interest and other income</b>	13,699	9,934	24,233	19,821
<b>Net and comprehensive loss</b>	734,615	303,910	837,136	477,414
<b>Net and comprehensive loss per share <sup>(1)</sup></b>	0.01	0.00	0.01	0.01
<b>Total assets</b>	8,115,085	7,317,059	8,115,085	7,317,059
<b>Working capital (deficiency)</b>	1,350,689	(234,575)	1,350,689	(234,575)

(1) Basic and diluted.

## **Results of Operations for the Quarter**

For the quarter ended June 30, 2011 the Company recorded a net loss of \$734,615 (\$0.01 per share) compared to a net loss of \$303,910 (\$0.00 per share) for the same period in 2010. The difference between the quarter ended June 30, 2011 and 2010 is primarily the result of the impairment of certain coal evaluation and exploration assets.

### ***Revenues***

The Company reported interest and other income of \$13,699 for the quarter ended June 30, 2011 as compared to \$9,934 for the quarter ended June 30, 2010. The majority of the interest and other income is from rental fees for certain of the Company's equipment. The increase in interest and other income is the result of earning interest on additional cash on hand while the Company prepared for its summer exploration programs.

### ***Expenses***

Total operating expenses for the quarter ended June 30, 2011 were \$166,054 compared to \$313,844 for the same period of 2010. The decrease of \$147,790 is primarily related to a reduction in administration expenses due to lower share-based payment expenses which were \$321 in the second quarter of 2011 compared to \$149,172 during the second quarter of 2010.

### ***Impairment of exploration and evaluation assets***

As a result of the Company's review of its coal properties during the quarter ended June 30, 2011, the Company determined that certain permits will be allowed to lapse. Accordingly, previously capitalized costs of \$700,265 related to these permits were considered impaired. The impairment also resulted in a deferred income tax recovery due to a reduction in temporary differences related to the Company's exploration and evaluation expenditures.

### ***Investing***

Additions to exploration and evaluation assets totaled \$179,353 for the quarter ended June 30, 2011 compared to \$14,985 for the same period in 2010. The expenditures for the quarter ended June 30, 2011 related to the completion of a review of historical data on the Company's gold properties as well as the costs associated with the commencement of drilling on the Jojay and Jasper properties. In addition, the Company completed a review of all regional geophysical and geological data on the Company's coal exploration properties for the purpose of planning follow up exploration programs on the highest priority targets. Expenditures during the quarter ended June 30, 2010 related to planning and consulting on the Company's 100% owned property near Hudson Bay, Saskatchewan.

### ***Financing***

No financing activities occurred during the second quarter of 2011. During the second quarter of 2010, the Company issued 3,461,539 units for \$0.13 per unit for gross proceeds of \$450,000 (net - \$442,619). Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitled the holder to acquire one common share at an exercise price of \$0.22. The warrants expired in May 2011.

## **Year to Date**

### ***Results of Operations***

For the six months ended June 30, 2011, the Company recorded a net loss of \$837,136 (\$0.01 per share) compared to a net loss of \$477,414 (\$0.01 per share) for the same period in 2010. The difference from 2011 to 2010 is primarily the result of the impairment of certain coal exploration and evaluation assets.

### ***Revenues***

During the first half of 2011 the Company reported interest and other income of \$24,233 as compared to \$19,821 for the six months ended June 30, 2010. The majority of the interest and other income is from rental fees for certain of the Company's equipment. The increase in interest and other income is the result of earning interest on the additional cash on hand while the Company prepared for its summer exploration programs.

### ***Expenses***

Total operating costs for the six months ended June 30, 2011 were \$279,109 compared to \$497,235 for the same period of 2010. Administration expense decreased \$217,879 from \$479,503 in the first six months of 2010 to \$261,624 for the same period in 2011. The decrease is predominately related to a reduction in administration expenses due to lower share-based payment expenses which were \$1,284 in the second half of 2011 compared to \$143,647 during the first two quarters of 2010. The remaining decrease in administration expense over 2010 levels is the result of a reduction in personnel during this timeframe. Corporate development expenses remained relatively unchanged during the first two quarters of 2011 compared to 2010 at \$17,485 and \$17,732, respectively.

### ***Impairment of exploration and evaluation assets***

As a result of the Company's review of its coal properties during the first half of 2011, the Company determined that certain permits would be allowed to lapse. Accordingly, previously capitalized costs of \$700,265 related to these permits were considered impaired. The impairment also resulted in a deferred income tax recovery due to a reduction in temporary differences related to the Company's exploration and evaluation expenditures.

### ***Investing***

Mineral properties additions totaled \$214,337 for the first two quarters of 2010 compared to \$62,205 for the first two quarters of 2011. The expenditures for the six months ended June 30, 2011 were the result of a review of historical data on the Company's gold properties as well as the costs associated with the commencement of drilling on the Jojay and Jasper properties. In addition, the Company undertook a review of all regional geophysical and geological data on the Company's coal exploration properties for the purpose of planning follow up exploration programs on the highest priority targets. The additions for the period ended June 30, 2010 related to the completion of Phase 1 drilling and the planning of further exploration programs on the Company's coal properties.

## Financing

During the first half of 2011, the Company completed a private placement financing for gross proceeds of \$1,553,764 (net - \$1,416,293). The financing included an aggregate of 10,125,000 common shares in the capital of the Company issued on a flow-through basis pursuant to the *Income Tax Act* (Canada) at a price of \$0.15 per share for gross proceeds of \$1,518,750. The Company, as part of the same financing, issued 250,100 units of the Company ("Units") at a price of \$0.14 per Unit, for gross proceeds of \$35,014. Each Unit consisted of one Common Share issued on a non flow-through basis, and one half of one Common Share purchase warrant (each a half "Unit Warrant"). Each whole Unit Warrant entitles the holder thereof to purchase one Common Share on a non flow-through basis at a price of \$0.24 for a period of twelve months from the date of issuance.

As part of the private placement the Company issued 694,173 broker warrants at an exercise price of \$0.24 for a period of twelve months from the date of issuance.

For the six months ended June 30, 2010 the Company issued 3,461,539 units for \$0.13 per unit for gross proceeds of \$450,000 (net - \$442,619). Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitled the holder to acquire one common share at an exercise price of \$0.22. The warrants expired in May 2011.

## Summary of Quarterly Results

	2011 <sup>(1)</sup>		2010 <sup>(1)</sup>				2009 <sup>(1)</sup>	
	Qtr 2 \$	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$
Revenues <sup>(2)</sup>	13,699	10,534	9,914	9,809	9,934	9,887	10,493	9,677
Comprehensive loss <sup>(3)</sup>	(734,615)	(102,521)	(336,124)	(105,081)	(303,910)	(173,504)	(5,008,653)	(131,846)
Comprehensive loss/share <sup>(4)</sup>	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.07)	(0.00)
Shares outstanding <sup>(5)</sup>	112,452,121	112,452,121	102,077,021	83,577,022	83,577,022	80,115,483	80,115,483	79,612,645

- (1) The Company adopted IFRS on January 1, 2011 (effective January 1, 2010) and therefore comparative figures for 2010 are presented under IFRS, and figures for 2009 are presented under Canadian GAAP.
- (2) The Company's revenues are comprised of interest earned on cash balances as well as equipment leasing. The Company began leasing certain equipment in the second quarter of 2009 which is expected to continue until the end of 2011.
- (3) The net losses in the second quarter of 2011 and the fourth quarter of 2009 primarily related to impairments of certain of the Company's exploration and evaluation assets as a result of the Company either electing not to renew certain exploration permits or changing its strategic focus. The net loss in the second quarter of 2010 was higher due to the fair value of share-based payments expensed during this timeframe. The higher net loss in the fourth quarter of 2010 is mostly attributed to a \$200,000 settlement with a former joint venture partner regarding certain exploration expenditures. The remaining quarters reflect normal operations of the Company.
- (4) Basic and diluted.
- (5) The increase in shares during the first quarter of 2011 and the second and fourth quarters of 2010 were the result of the Company completing private placements during these timeframes. The fourth quarter of 2010 also required the issuance of shares for the settlement with a former joint venture partner regarding certain exploration expenditures. The increase in shares outstanding in the fourth quarter of 2009 was the result of the Company issuing shares pursuant to a shares-for-debt settlement agreement with a service provider.

## **Related Party Transactions**

During the six months ended June 30, 2011, Mr. Kenneth E. MacNeill (Chief Executive Officer) and Mr. Harvey J. Bay (Chief Financial Officer), through their respective consulting companies, charged management and consulting fees of \$36,000 (2010 – \$36,000) and \$15,000 (2010 – \$10,000), respectively which were recorded as an administrative expense.

During the six months ended June 30, 2011 total compensation paid to these officers (through companies controlled by Messrs. MacNeill and Bay) and to key management and directors of the Company was \$107,239 (June 30, 2010 – \$214,947) which is included in administration expense. Included in these amounts are share-based payment transactions.

The above transactions were in the normal course of operations and are measured at an amount agreed to by the related parties. The fair value of share-based payments was determined using the Black-Scholes model.

## **Liquidity**

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 additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company anticipates it will have sufficient access to financial markets to fund its exploration plans through future equity contributions.

As at June 30, 2011, the Company had working capital of \$1,350,689 as compared to working capital of \$371,813 at December 31, 2010. Management is confident the Company will have sufficient access to financial markets to fund its planned activities in 2011.

As at June 30, 2011, the Company was required to spend \$1,324,989 on qualifying exploration expenditures by the end of 2012 to fulfill its obligations under its flow-through commitments.

## **Capital Resources and Outstanding Share Data**

At June 30, 2011, the Company had 112,452,121 common shares issued and outstanding. As at August 18, 2011, the Company's issued and outstanding common shares remain unchanged at 112,452,121 and the Company's cash and cash equivalents balance was \$1.0 million. In addition, at August 18, 2011, the Company had 7,875,050 warrants, 920,389 broker warrants and 5,400,000 options with weighted average exercise prices of \$0.10, \$0.21 and \$0.22, respectively. In the event all warrants, broker warrants and

options were exercised, the Company would be required to issue a further 14,195,439 common shares for gross cash proceeds of \$2.2 million.

## **Financial Instruments**

As at June 30, 2011, the fair value of all of the Company's financial instruments approximates their carrying value. Certain financial instruments are exposed to the following financial risks:

### ***Credit risk***

Credit risk is the risk of an unexpected loss by the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company does not have any significant exposure to credit risk.

### ***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 does not currently operate any producing properties and as such, is dependent upon the issuance of new equity to 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 additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights to its properties or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Wescan's future cash flows, earnings, results of operations and financial position.

The ability of the Company to continue as a going concern, fund exploration expenditures and provide funds for on-going general and administrative costs is anticipated to require further equity issues in 2011. The Company anticipates it will have continued success with future equity financings to fund its planned 2011 exploration activities and administrative expenses.

### ***Interest rate risk***

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any significant exposure to interest rate risk.

## **Critical Accounting Estimates**

The financial statements for the period ended June 30, 2011 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, using accounting policies consistent with IFRS issued by the IASB and interpretations of IFRIC. The Company's accounting policies are described in note 3 to the financial statements for the period ended June 30, 2011. Certain of these policies involve critical accounting estimates as they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially

different amounts could be reported under different conditions or using different assumptions. The uncertainties related to these areas could significantly impact the Company's results of operations, financial condition and cash flows.

In preparing the financial statements for the period ended June 30, 2011, the significant judgments made by management applying the Company's accounting policies and the key sources of estimation uncertainty are expected to be the same as those to be applied in the first annual IFRS financial statements. In particular, the significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are: resource estimation, asset valuations, plant and equipment useful lives, environmental rehabilitation provisions, and other accrued liabilities.

### **Accounting Changes**

#### ***Adoption of International Financial Reporting Standards ("IFRS")***

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will converge with IFRS effective in calendar year 2011. As a result, the Company prepared its financial statements for the period ended June 30, 2011 in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*, and with IAS 34 *Interim Financial Reporting*, as issued by the IASB. Prior to 2011, the Company prepared its financial statements in accordance with Canadian GAAP. Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010.

The consolidated financial statements for the year ending December 31, 2011 must be prepared using IFRS standards that are in effect on December 31, 2011, and therefore the Company has prepared the financial statements for the period ended June 30, 2011 using the standards that are expected to be effective at the end of 2011. The Company's significant accounting policies under IFRS are provided in Note 3 to the financial statements for the period ended June 30, 2011. The Company's IFRS accounting policies will, however, only be finalized when the first annual IFRS financial statements are prepared for the year ending December 31, 2011. Therefore, certain accounting policies that the Company expects to follow under IFRS may be modified. As a result, the Company's financial statements for the period ended June 30, 2011 may be subject to change.

The Company has provided a detailed explanation of the impacts of this transition in Note 10 of the Company's financial statements for the period ended June 30, 2011, including the Company's elections under IFRS 1. In addition, Note 10 presents reconciliations between the Company's 2010 Canadian GAAP results and the 2010 IFRS results. The reconciliations also include the changes to equity as at January 1, 2010, June 30, 2010 and December 31, 2010.

#### ***Transitional Financial Impact***

As a result of the policy choices the Company selected and the changes that were required under IFRS, a reduction in the Company's equity of approximately \$238,856 as at January 1, 2010 was recorded. The Company's net and comprehensive loss for the second quarter of 2010 and the six months ended June 30, 2010 was reduced by \$2,108

and \$14,165, respectively when compared to Canadian GAAP. The Company's net and comprehensive loss for the year ended December 31, 2010 was reduced by \$17,761 as a result of adopting IFRS.

The major differences that resulted in these changes to equity and loss were the accounting for provisions, flow-through shares and share-based payments. The full effects of these changes are explained and quantified in Note 10 of the financial statements for the period ended June 30, 2011.

### ***IFRS 1 Exemptions and Exceptions***

IFRS 1 provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS. IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at January 1, 2010 were consistent with those made under Canadian GAAP. A summary of the exemptions elected by Company to simplify adopting IFRS is as follows:

- Share-based payments

The Company has elected to not apply IFRS 2 *Share-based Payments* retrospectively to share-based payments that have fully vested at the transition date and therefore no transitional adjustment is required. The Company had a minimal number of equity-settled share-based payments that had not vested and as such at transition an insignificant amount was recognized.

### **Future Accounting Changes**

At the date of authorization of these condensed interim consolidated financial statements, the IASB and IFRIC have issued certain new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods. The changes to the Standards include IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IFRS 13 *Fair Value Measurement*, IAS 1 *Presentation of Financial Statements*, IAS 12 *Income Taxes*, IAS 19 *Employee Benefits*, IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. These standards are not effective for 2011 and the Company has not completely evaluated the effects of these pronouncements.

### **Outlook**

With the significant escalation in the price of gold, the Company believes the timing is right to focus exploration efforts on the properties with known gold mineralization. This focus on gold properties will include exploration work on the Jojay, Jasper and Munro Lake properties. The Company's success in raising additional flow-through financing during the first quarter of 2011 has allowed it to begin exploration programs on this portfolio of gold properties in the La Ronge Gold Belt in northern Saskatchewan. The Company also remains committed to its coal holdings near Hudson Bay, Saskatchewan

and has determined additional exploration and evaluation work is warranted based on the review conducted. The Company will also continue to evaluate the potential for the acquisition of other mineral properties that fit its strategic direction. Management is confident the Company will have sufficient access to financial markets to continue its planned exploration activities in 2011.

## **Risks and Uncertainties**

The Company attempts to mitigate risks by identifying, assessing, reporting and managing risks of significance. The following are risks relating to the business of the Company. This information is only a summary of risks currently facing the Company based on its stage of development. Additional risks and uncertainties not presently known may also impact the Company's operations. Management's view on risks facing the Company will evolve as the Company's stage of development progresses.

### ***Risks Associated With a Non-Producing Company***

The principal risks faced by the Company during the exploration stage involve: Wescan's ability to obtain financing to further the exploration and development of exploration and evaluation properties in which Wescan holds interests; obtaining the required permits from various federal, provincial and local governmental authorities; and the ultimate economic feasibility of any future development projects.

The further development and exploration of exploration and evaluation properties in which Wescan holds interests or which Wescan acquires may depend upon Wescan's ability to obtain financing through debt financing, equity financing or other means. The Company does not have sufficient funds to put any of its property interests into production from its own financial resources. There is no assurance that Wescan will be successful in obtaining required financing as and when needed. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Wescan's future cash flows, earnings, results of operations and financial condition. The relative prices of applicable commodities and future expectations for such prices have a significant impact on the market sentiment for investment in mining and exploration companies.

The future operations of the Company, including exploration activities and potential development of its properties, require permits from various federal, provincial and local governmental authorities. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations. The Company utilizes qualified individuals, service providers and external consultants and maintains communications with governmental authorities to ensure that the Company is in compliance with all applicable rules and regulations.

All of Wescan's exploration and evaluation property interests are currently in the exploration stage and are without a known body of commercial ore. The exploration, development and production of coal and precious metals are capital-intensive, subject to the normal risks and capital expenditure requirements associated with mining operations. While the rewards can be substantial if commercial quantities of coal and precious metals are found, there can be no assurance that Wescan's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable. To ensure that exploration procedures are being performed effectively and those results are interpreted and reported in a proper manner, management ensures that qualified individuals, service providers and external consultants are utilized in the verification and quality assurance of analytical results.

### **Technical Information**

All technical information in this report has been prepared under the supervision of Tabetha Stirrett, P.Geo, of North Rim Exploration Ltd., Professional Geoscientist in the Province of Saskatchewan, and is the Company's "Qualified Person" under the definition of National Instrument 43-101.

### **Caution Regarding Forward-looking Information**

This MD&A contains forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of Canadian Securities legislation and the United States Private Securities Litigation Reform Act of 1995. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements, and, in particular, statements regarding Wescan's future operations, future exploration and development activities or other development plans contain forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, the timing of the announcement of results, the ability to raise funds to pursue exploration activities, the use of such funds, and the acquisition and exploration of additional properties.

These forward-looking statements are based on Wescan's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to, developments in world gold and coal markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of Wescan, the effects of competition in the markets in which Wescan operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings and operational risks and the additional risks described in Wescan's most recently filed annual and interim MD&A, news releases and technical reports. Wescan's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

Although management considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to it, those assumptions may prove to be incorrect. When making decisions with respect to Wescan, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events. Unless required by applicable securities law, Wescan does not undertake to update any forward-looking statement that may be made.

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