WESCAN GOLDFIELDS INC.

Management's Discussion and Analysis
December 31, 2011

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

The following Management's Discussion and Analysis is prepared as of April 26, 2012 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011 ("financial statements for the year ended December 31, 2011") available on SEDAR at www.sedar.com. All currency amounts are quoted in Canadian Dollars, unless otherwise stated. Wescan Goldfields Inc. ("Wescan" or "the Company") prepared its financial statements for the year ended December 31, 2011 in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

This is the first time that the Company has prepared its annual financial statements in accordance with IFRS. 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 pre-changeover 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 20 of the financial statements for the year ended December 31, 2011.

Overview

During the first part 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 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 results and significant intercepts for the Jojay and Jasper exploration program were released during the fourth quarter of 2011 (see Wescan News Releases dated November 18, 2011 and December 8, 2011, respectively). The Company raised an additional $1.0 million in late December of 2011 to continue the exploration of its gold properties, with the primary focus being the Jojay property.

Jojay Gold Project

Background

The Company holds a 100% interest in the Jojay gold property, consisting of five claim blocks covering 1,496 hectares located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The Company's initial 25% interest in the property was acquired from Shore Gold Inc. in 2004 in exchange for shares of the Company. The remaining

75% was acquired from Claude Resources Inc. in 2006 in exchange for shares. The Company has an Indicated Mineral Resource and Inferred Mineral Resource, as defined under National Instrument ("NI") 43-101, on the Jojay gold deposit which was completed on February 4, 2010. The NI 43-101 compliant Mineral Resource Estimate completed by ACA Howe International Limited ("ACA Howe") includes 21 Wescan diamond drill holes completed in 2005 and 2007-2008 and 79 historic drill holes (see Wescan News Release dated February 4, 2010). At a block cut-off grade of 2.0 grams per tonne Au, non-diluted Indicated Mineral Resources, located entirely in the Red Zone, amount to 420,000 tonnes with an average grade of 3.7 grams per tonne Au, for 50,000 ounces gold. Non-diluted Inferred Mineral Resources, approximately half of which were located in the Red Zone, amount to 630,000 tonnes with an average grade of 4.3 grams per tonne Au, for 87,000 ounces gold. No Measured Mineral Resources or Mineral Reserves of any category were identified. Mineral resources are not mineral reserves and by NI 43-101 definition do not demonstrate economic viability. There is no certainty that all or any part of the Mineral Resource will be converted into a Mineral Reserve. The Jojay gold property is located 11 kilometers from an operating gold mill.

Current year activities
Based on recommendations from a review of historical drilling data completed in February 2011 by an internal technical team and external consultants, Wescan commenced a 2,678.5 metre drill program (10 holes) in June 2011. This program also followed the recommendations contained within the Technical Report that accompanied the NI 43-101 compliant Resource Estimate. The drill program was concluded near the end of the third quarter and the Company announced final assay results in the fourth quarter of 2011 (see Wescan News Release dated November 18, 2011). The program successfully identified significant mineralized zones outside the existing drill defined area of mineralization and successfully confirmed and infilled historical drilling results. The most significant drill result from this year's program yielded 20 grams per tonne Au over 2.64 metres.

Future activities
To follow up the success of the 2011 program, the Company announced a further drill program ("Phase II") in early 2012 (see Wescan News Release dated February 22, 2012). Wescan commenced the 2,000 metre diamond drill program which will access the highly prospective areas of the deposit that the 2011 summer drill program could not access due to wet ground conditions. In addition, Wescan will also target known high grade areas of the deposit as well as those areas yet unexplored that are adjacent to the defined Mineral Resources. Results from the Phase II program will provide additional critical data required to complete a Preliminary Economic Assessment ("PEA") which will include an updated NI 43-101 Technical Report and Resource Estimate. The PEA is scheduled to commence during 2012.

Jasper Gold Project

Background
The Company holds a 100% interest in the Fork Lake/Jasper/Tamar gold property, consisting of certain mineral dispositions covering 6,513 hectares located approximately

150 kilometers northeast of La Ronge, Saskatchewan. The property contains the high grade Jasper Gold Mine which produced 140,127 tonnes at an average grade of 18.9 grams per tonne gold in the early 1990s. The Company's initial interest in the property was acquired from Shore Gold Inc. in 2004 in exchange for shares of the Company. The Company performed drilling in 2005, 2006, and 2007 of certain deeper zones, however, in 2009, the Company's focus shifted away from this property to pursue other opportunities. The Company retained this property with the expectation that additional drill programs would be performed in the future.

Current year activities

During 2011 the Company decided to resume exploration work on the property and completed a 2,313.5 metre drill program (9 holes) to further assess the future potential of this past producing gold mine (See Wescan News Release dated December 8, 2011). This program was carried out following examination of Wescan's 2005 and 2006 diamond drill programs and recommendations by A.C.A. Howe. Significant gold mineralized areas were confirmed in areas adjacent to the old Jasper underground mining workings, including an intersection of 74.4 grams per tonne Au over 1.00 metre. Significant gold mineralization outside of the previously drill tested area at depth were also confirmed with intersections of 9.11 grams per tonne Au over 1.55 metres. This program confirmed that targets exist beyond the areas of limited underground mining. The deposit remains open both at depth and along strike.

Future activities

Wescan believes it has sufficient data to carry out a NI 43-101 compliant Technical Report and Resource Estimate on the remaining drill defined mineralized areas of the Jasper Gold deposit. However, with the significant escalation in the price of gold over the past number of months, the Company intends to continue exploration efforts on the Jasper Gold deposit before an NI 43-101 Resource Estimate is completed to maximize any potential mineral resources. Further exploration work will not likely occur on this property until late 2012 or later given the Company's current focus on its Jojay property.

Munro Lake Gold Project

Background

The Company holds a 98.4% interest in the Munro gold property in a joint venture with Shane Resources Ltd., consisting of certain mineral dispositions covering 2,489 hectares located approximately 128 kilometers northeast of La Ronge, Saskatchewan. The Company's initial 51% interest in the property was acquired from Shore Gold Inc. in 2004 in exchange for shares of the Company and has increased based on Shane Resources non-participation in past exploration programs. Past exploration work has been limited on this property and included line cutting and soil sampling. The Munro gold property is located 7 kilometers from a producing gold mine and is on trend with other known gold mineralized zones in the area.

Current year activities

Given the property's excellent potential, the Company announced it would be conducting a magnetic and electromagnetic airborne geophysical survey on the Munro Lake property during 2011 (see Wescan News Release dated June 22, 2011). The intent of the airborne geophysical survey was to assist in the interpretation of historic soil sampling and prospecting programs that had identified anomalous gold targets throughout the property. The survey will be used to identify areas of the property which warrant further follow up work in the future.

Future activities
The Company will focus future exploration programs based on any targets identified from this survey. The Company anticipates it will perform a summer prospecting program on this property during 2012.

Hudson Bay and Pinehouse Lake Coal Projects

Background
The Company had a 100% interest in 281 coal permits covering 190,976 hectares near Hudson Bay, Saskatchewan and an additional 50 coal permits covering 38,304 hectares near Pinehouse Lake, Saskatchewan. In 2009, the Company drilled 48 holes on these properties with the largest intersection of carbonaceous material encountered being 12.90 metres in thickness.

Current year activities
During 2011, a review was conducted of all regional geophysical and geological data relating to the Company's coal exploration properties. Based on this review, and also factoring in the additional expenses that would be necessary to convert the coal permits to more expensive leases during 2011 and 2012, the Company determined that its financial resources would be better served pursuing its gold properties. As a result, the Company allowed all coal permits in these areas to lapse.

Future activities
The Company does not intend to pursue any additional coal exploration in the near term.

Selected Annual Information

Selected financial information of the Company by year is summarized as follows:

	2011 (1) **$**	**2010 (1)** **$**	**2009 (1)** **$**
Interest and other income	41,591	39,544	29,545
Net loss	1,821,062	982,718	5,511,058
Net loss per share (2)	0.02	0.01	0.07
Total assets	2,650,369	2,140,974	7,512,155
Total non-current liabilities (3)	375,380	75,520	-
Working capital (deficiency)	987,021	371,813	(321,926)

(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) Basic and diluted.
(3) Non-current liabilities are comprised of flow-through share premiums and environmental rehabilitation provision.

Year ended December 31, 2011

Results of Operations

For the year ended December 31, 2011 the Company recorded a net loss of $1,821,062 ($0.02 per share) compared to a net loss of $982,718 ($0.01 per share) for 2010. The significant change in net loss in 2011 was primarily due to the exploration programs performed by the Company during the year of $1,362,600 compared to the prior year exploration and evaluation expenditures of $64,099. Contributing to the loss in 2010 was the settlement with a former joint venture partner for disputed exploration expenditures related to its previously held Mud Lake property for $200,000. The remainder of the losses in 2011 and 2010 primarily related to ongoing operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest and other income.

Revenues

During 2011, the Company reported interest and other income of $41,591 as compared to $39,544 for 2010. The majority of the interest and other income was from rental fees for certain of the Company's equipment. The increase in interest and other income during 2011 was primarily the result of earning interest on additional cash on hand from the February 2011 financing, before the Company incurred significant expenditures on its 2011 exploration programs.

Expenses

Total expenses for the year ended December 31, 2011 were $1,957,462 compared to $822,262 for the same period of 2010. The $1,135,200 increase in expenditures was primarily due to higher exploration and evaluation expenditures incurred by the Company during 2011 of $1,362,600 compared to $64,099 in 2010 due to having additional funds available after completing financings in the early part of 2011.

Exploration and Evaluation

The expenditures for 2011 related to drill programs on the Company's Jojay gold property of $679,811, Jasper gold property of $539,373 as well as the costs associated with the magnetic and electromagnetic airborne geophysical survey on the Company's Munro Lake property of $94,510. In addition, the Company completed a review of all regional geophysical and geological data on the Company's coal exploration properties for $48,906 for the purpose of making its decision to allow the properties to lapse. The additions for the year ended December 31, 2010 related to consulting and personnel costs associated with the Company's coal properties for the evaluation of Phase 1 drilling and the planning of further exploration programs.

Administration

The Company remained focused on minimizing its operating expenses during 2011. Administration expense decreased $163,860 to $570,988 in 2011 from $734,848 for the same period in 2010. This decrease is predominately related to a $62,691 reduction in share-based payment expenses which were $95,784 in 2011 compared to $158,475 during 2010. Personnel expense (including management fees) included in administration expense also decreased by $50,730 from $169,186 in 2010 to $118,456 in 2011 as a result of a concerted effort to reduce overhead. Professional fees included in administration also decreased by $55,736 from $98,582 in 2010 to $42,846 for the same period in 2011. The decrease in professional fees can be attributed to the additional legal fees incurred in 2010 resulting from a claim that was settled in 2010 as well as certain corporate restructuring costs. Amortization expense included in administration remained relatively unchanged from $81,637 in 2010 to $74,214 in 2011. The remaining costs in the administration category relate to insurance, office and equipment rent, office supplies, regulatory requirements and other office related expenses, which have not significantly changed from period to period.

Corporate Development

Corporate development expenses remained relatively unchanged during 2011 compared to 2010 at $23,874 and $23,315, respectively.

Settlement with Alto Ventures Ltd.

In October of 2010, the Company announced the settlement of a claim for unpaid expenditures related to an exploration program on its previously held Mud Lake property. The settlement required the issuance of 3,000,000 common shares and payment of $50,000 to Alto Ventures Ltd.

Financing

During 2011, the Company completed two private placement financings for gross proceeds of $2,553,764 (net $2,317,546).

The February 2011 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 (See Wescan News Releases dated February 24, 2011). 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.

The December 2011 financing included an aggregate of 14,285,714 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 $0.07 per share for gross proceeds of approximately $1,000,000 (See Wescan News Releases dated December 22, 2011). As part of the private placement the Company paid certain finders (each a "Finder") cash fees equal to up to 6% of the gross proceeds raised by such Finder pursuant to the Offering, and issued 999,999 warrants to such Finder pursuant to the Offering (the "Finder's Warrants"). Each

Finder's Warrant entitles the holder to acquire one common share on a non flow-through basis at an exercise price of $0.15 for a period of 24 months from the date of issuance.

Use of proceeds

The Company raised approximately $2.5 million from flow-through financing activities during 2011 to be used on exploration and evaluation activities before the end of 2012. For the year ended December 30, 2011, the proceeds have been used in the following manor:

Expenditure	**Eligible flow-through spending to December 31, 2011**
Jojay drill program	$ 673,681
Jasper drill program	539,373
Munro airborne geophysical survey	93,513
Coal property evaluations	-
Total flow-through spending in 2011	**$ 1,306,567**
Flow-through money raised during 2011	$ 2,518,750
Flow-through expenditures to be incurred by December 31, 2012	**$ 1,212,183**

The Company expects that the exploration and evaluation expenditures incurred in 2011 and the expenditures to complete its 2012 drill programs and analyses will approximate the $2.5 million raised from the flow-through financing during 2011. The majority of the remaining commitment of $1,212,183 is expected to be incurred on the Jojay property.

The Company also raised $35,014 from the issuance of common shares during 2011 which was used to partially fund financing costs of the of the various equity financings in the year.

During the year ended December 31, 2010, the Company issued a total 18,961,538 common shares of the Company for gross proceeds of $1,320,000 (net $1,286,424) from three separate financings (See Wescan News Releases dated May 10, 2010, October 29, 2010 and December 7, 2010). In October of 2010, the Company also issued 3,000,000 common shares valued at $150,000 for the settlement of a claim for unpaid expenditures related to an exploration program on its previously held Mud Lake property (See Wescan News Release dated October 29, 2010).

Summary of Quarterly Results

	2011(1)				**2010(1)**			
	Qtr 4 $	**Qtr 3 $**	**Qtr 2 $**	**Qtr 1 $**	**Qtr 4 $**	**Qtr 3 $**	**Qtr 2 $**	**Qtr 1 $**
Revenues (1)	6,679	10,679	13,699	10,534	9,914	9,809	9,934	9,887
Net loss(2)	(291,082)	(1,073,685)	(318,791)	(137,504)	(337,736)	(105,363)	(318,895)	(220,724)
Net loss/share (3)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Shares outstanding (4)	126,737,835	112,452,121	112,452,121	112,452,121	102,077,021	83,577,022	83,577,022	80,115,483

(1) *The Company adopted IFRS on January 1, 2011 (effective January 1, 2010) and therefore comparative figures for 2010 are presented under IFRS. Certain amounts have been restated from quarterly amounts previously reported as discussed further in the Accounting Changes section of this MD&A.*

(2) *The Company's revenues are comprised of interest earned on cash balances as well as equipment leasing. The Company leased certain equipment during 2010 until the fourth quarter of 2011.*

(3) *The net losses in the second and third quarters of 2011 were higher due to exploration and evaluation expenditures incurred. The net losses in the second quarter of 2010 and the fourth quarter of 2011 were 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 and fourth quarters 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.*

Fourth Quarter Results

For the quarter ended December 31, 2011, the Company recorded a net loss of $291,082 ($0.00 per share) compared to a net and loss of $337,736 ($0.01 per share) for the same period in 2010. The loss for the quarter ended December 31, 2011 is lower than the comparative period in 2010 primarily due to the $200,000 settlement of a claim for unpaid expenditures related to an exploration program on its previously held Mud Lake property during the prior year.

The Company reported interest and other income of $6,679 for the quarter ended December 31, 2011 as compared to $9,914 for the quarter ended December 31, 2010. The majority of the interest and other income was from rental fees for certain of the Company's equipment which ended during the quarter.

Total operating expenses for the quarter ended December 31, 2011 were $297,761 compared to $147,650 for the same period of 2010. The increase of $150,111 is primarily related to the $100,696 increase in exploration and evaluation expenditures incurred during the quarter ended December 31, 2011 of $102,308 compared to the same period in the prior year of $1,612 as well as an increase to administration expenses. The exploration and evaluation expenditures incurred during the quarter ended December 31, 2011 related to drill programs on the Company's Jojay and Jasper gold properties.

Administration expense increased by $49,394 during the fourth quarter of 2011 due to annual stock-option grants occurring in the fourth quarter of 2011 compared to the second quarter of 2010. As a result, share-based payments expense went from $0 in the fourth quarter of 2010 to $94,500 in the same period in 2011. Approximately seventy-five percent, or $141,409 (2010 – $44,475), of the administration expenses for the quarter ended December 31, 2011 are made up of contract fees for management services, wages and benefits of personnel, and share-based payments. Professional fees included in administration during the quarter decreased by $37,403 from the same period in 2010 as additional legal fees were incurred in 2010 resulting from a claim that was settled with Alto Ventures Ltd. The remaining costs in the administration category relate to amortization, insurance, office and equipment rent, office supplies, regulatory requirements and other office related expenses, but have stayed relatively constant from period to period.

During the quarter ended December 31, 2011, the Company issued 14,285,714 common shares on a flow-through basis pursuant to the *Income Tax Act* (Canada) for gross proceeds of approximately $1,000,000. During the quarter ended December 31, 2010, the Company issued 15,499,999 common shares for gross proceeds of $870,000 as well as an additional 3,000,000 common shares required to settle a claim from a former joint venture partner regarding exploration expenditures.

Related Party Transactions

During 2011, Mr. Kenneth E. MacNeill (Chief Executive Officer) and Mr. Harvey J. Bay (Chief Financial Officer) through their consulting companies charged management fees of $72,000 (2010 – $72,000) and $30,000 (2010 – $25,000), respectively. These fees were recorded as administrative expenses.

During 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 $288,511 (2010 – $333,690) 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 currently has no ongoing source of revenue 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 December 31, 2011, the Company had working capital of $987,021 as compared to working capital of $371,813 at December 31, 2010. As well, at December 31, 2011, the Company is required to spend approximately $1.2 million on qualifying exploration expenditures by the end of 2012 to fulfill its obligations under its flow-through commitments. The Company currently does not have sufficient resources to finance operating and exploration activities through its 2012 fiscal year, conditions which raise significant doubt about the Company's ability to continue as a going concern. Management estimates it will be required to raise an additional $700,000 to $800,000 to fund its commitments and working capital requirements to complete the 2012 year. Management is confident the Company will have sufficient access to financial markets to raise the required funding.

Capital Resources and Outstanding Share Data

At December 31, 2011 the Company had 126,737,835 shares issued and outstanding compared to 102,077,021 at December 31, 2010. As at April 26, 2012, the Company's issued and outstanding common shares remained unchanged. In addition, the Company had 999,999 broker warrants and 8,050,000 options with weighted average exercise prices of $0.15 and $0.18, respectively. In the event all broker warrants and options were exercised, the Company would be required to issue a further 9,049,999 common shares for gross cash proceeds of $1.6 million.

Financial Instruments

The Company's financial instruments are initially recorded at fair value. The fair values as at December 31, 2011 of the Company's financial instruments, which include cash and cash equivalents, receivables and payables, approximate their recorded amounts due to their short-term nature. Certain financial instruments are exposed to the following risks:

<u>Credit risk</u>
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. The Company's financial instruments that may have credit risk consist primarily of cash and cash equivalents. The Company's cash and cash equivalents are held by financial institutions with an A (low) credit rating. The Company may invest excess cash, if any, in guaranteed investment certificates until it is required to meet budgetary requirements. The Company has gross credit exposure at December 31, 2011, December 31, 2010, and January 1, 2010 relating to cash and cash equivalents of $1,094,924, $499,115 and $289,605, respectively.

<u>Liquidity risk</u>
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 forecast future cash flows to ensure that it will have sufficient liquidity to meet its obligations when due.

The Company's contractual obligations at December 31, 2011 are as follows:

	Up to 3 months	**Between 3 months and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Trade payables and accrued liabilities	$ 150,018	$ -	$ -	$ -	$ -	**$ 150,018**
Operating lease obligations	207	620	-	-	-	**827**
Total	**$ 150,225**	**$ 620**	**$ -**	**$ -**	**$ -**	**$ 150,845**

In addition to the above commitments, the Company is required to incur $1.2 million in qualifying exploration expenditures related to flow-through shares before December 31, 2012.

To project working capital requirements, the Company prepares annual capital and operating budgets which are regularly monitored and updated as considered necessary.

As at December 31, 2011, the Company had working capital of $987,021. Based on the above obligations, management believes this working capital will not be sufficient to meet financial obligations as they fall due.

The Company is pursuing options to finance the further exploration of its properties and general and administrative expenses of the Company. Financing options include joint ventures arrangements, debt financing, equity financing or other means. 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 exploration plans, forfeit rights in its properties or reduce or terminate its operations. The Company anticipates it will have sufficient access to financial markets to fund its exploration plans through future equity contributions.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity risk.

Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuations since it is currently not producing.

Commodity price risk:

Commodity price risk is the risk that a variation in commodity price will affect the Company's operations and financial results. The Company does not have significant exposure to commodity price fluctuations since it is currently not producing.

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 borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity risk:

The Company does not have any equity investments and is not exposed to equity risk.

Accounting Changes

International Financial Reporting Standards ("IFRS")

Adoption of International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises would converge with IFRS effective in calendar year 2011. As a result, the Company prepared its financial statements for the year ended December 31, 2011 in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*, 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 Company has provided a detailed explanation of the impacts of this transition in Note 20 of the Company's financial statements for the year ended December 31, 2011, including the Company's elections under IFRS 1. In addition, Note 20 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 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 $5,465,943 reduction in the Company's equity as at January 1, 2010 was recorded. The Company's net and comprehensive loss for the year ended December 31, 2010 increased by $46,338 as a result of adopting IFRS. The major difference that resulted in these changes to equity and income were the result of the Company changing its policy to retroactively expense exploration and evaluation expenditures in the fourth quarter of 2011.

Canadian GAAP and IFRS both allow a company to establish an accounting policy that either capitalizes or expenses exploration and evaluation expenditures incurred. The Company has chosen a policy to retroactively expense exploration and evaluation expenditures until the economic viability of an exploration and evaluation property can be assessed. The change in policy to retroactively expense exploration and evaluation expenditures was made to provide the readers of the Company's financial statements with more meaningful information by avoiding significant volatility in the Company's earnings and not as a requirement under IFRS. The volatility can arise when impairment indicators exist which cause the Company to determine a fair value for its exploration properties. Given the early stage of the Company's exploration on most of its exploration assets, determination of fair value is difficult and may cause the Company to assess an impairment despite not being in a position to evaluate the properties appropriately. Such an impairment, under IFRS can be reversed in the future if the impairment indicator also reverses, which may cause further volatility in the Company's earnings. As a result, management believes expensing exploration and evaluation expenditures is more appropriate at this stage of the Company's development. This change in accounting policy resulted in a $5,390,423 reduction in the Company's equity as at January 1, 2010 and the Company's net and comprehensive loss for the year ended December 31, 2010 increased by $64,099. The full effects of these changes are explained and quantified in Note 20 of the financial statements for the year ended December 31, 2011. Since the Company changed this accounting policy in the fourth quarter of 2011, as allowed under IFRS 1, previously reported quarterly results that were transitioned to IFRS differ from the quarterly results reported in this annual MD&A. The implications of this change in accounting policy on previously reported quarterly results in previous capitalized exploration expenditures being expensed, a reversal of previously recorded impairments and the reversal of previously reported deferred tax recoveries. These changes are summarized in the following table:

	2011			2010			
	Qtr 3 $	Qtr 2 $	Qtr 1 $	Qtr 4 $	Qtr 3 $	Qtr 2 $	Qtr 1 $
Net loss as previously reported under IFRS during the quarter	(2,776,477)	(734,615)	(102,520)	(336,124)	(105,081)	(303,910)	(173,504)
Exploration expenditures expensed	(1,045,955)	(179,353)	(34,984)	(1,612)	(282)	(14,985)	(47,220)
Reversal of impairment of exploration assets	2,806,995	700,265	-	-	-	-	-
Reversal of deferred income tax recovery	(58,248)	(105,088)	-	-	-	-	-
Net loss	(1,073,685)	(318,791)	(137,504)	(337,736)	(105,363)	(318,895)	(220,724)
Net loss/share	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)

As required by IFRS, the Company will continue to capitalize exploration and evaluation assets that were acquired.

The other differences that resulted in 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 20 of the financial statements for the year ended December 31, 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 immaterial amount was recognized.

- Provision for environmental rehabilitation

  The application of IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* would require the Company to recalculate, retrospectively, the effect of each change in its reclamation provision prior to the date of transition, along with the impact on the related assets, if any and depreciation. IFRS 1 provides the option to instead measure the liability as at the date of transition to IFRS. The Company has elected to apply this exemption and calculated the impact on the statement of financial position as of January 1, 2010.

Future Accounting Changes

At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

IFRS 9 – Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of this new standard.

IFRS 10 – Consolidated Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IFRS 11 – Joint Arrangements

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 *Interest in Joint Ventures* and SIC 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IFRS 12 – Disclosures of Interests in Other Entities

IFRS 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IFRS 13 – Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Outlook

With the significant escalation in the price of gold, the Company believes the timing is right to focus exploration efforts on its properties with known gold mineralization. The Company's success in raising additional flow-through financing during the fourth quarter of 2011 has allowed it to perform further exploration work on the Company's Jojay gold property in northern Saskatchewan located in the La Ronge Gold Belt and to potentially complete a preliminary economic assessment on this property (see Wescan News Release dated February 22, 2012). The funds may also be used to complete additional exploration work or complete a National Instrument 43-101 compliant Technical Report and Resource Estimate on the defined mineralized areas of the Jasper Gold deposit located in the La Ronge Gold Belt. In addition, the Company intends to do a prospecting program on the Munro Lake gold property in northern Saskatchewan which is on trend with known mineralized zones in the immediate area. The Company will also continue to evaluate the potential for the acquisition of other mineral properties that fit its strategic direction. The Company will be required to raise additional funds during 2012 to meet its current commitments and ongoing working capital requirements. Management is confident the Company will have sufficient access to financial markets to continue its future plans.

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 an Exploration Stage 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 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 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 Daniel Leroux, P.Geo, of A.C.A. Howe International Limited., 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 Jojay Phase II drill program, the ability to raise funds to meet commitments and pursue exploration activities, the use of such funds, future plans for the Jojay, Jasper and Munro Lake properties 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 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.