WESCAN GOLDFIELDS INC.

Consolidated Financial Statements
December 31, 2010

(A Development Stage Entity)

Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Wescan Goldfields Inc. are the responsibility of management and have been approved by the Board of Directors.

Management has prepared the consolidated financial statements in conformity with Canadian generally accepted accounting principles. The consolidated financial statements include some amounts that are based on best estimates and judgments.

The management of the Company, in furtherance of the integrity and objectivity of data in the consolidated financial statements, has developed and maintains a system of internal accounting controls. Management believes the internal accounting controls provide reasonable assurance that financial records are reliable and form a proper basis for preparation of consolidated financial statements and that assets are properly accounted for and safeguarded.

The Board of Directors carries out its responsibility for the consolidated financial statements through its audit committee, the majority of which are outside directors. The audit committee reviewed the Company's annual consolidated financial statements and recommended their approval to the Board of Directors. The shareholders' auditors have full access to the audit committee, with and without management being present.

The shareholders' auditors, KPMG LLP, Chartered Accountants, in accordance with Canadian generally accepted auditing standards, have examined these consolidated financial statements and their independent professional opinion on the fairness of the consolidated financial statements is attached.

Kenneth E. MacNeill
Chairman and Chief Executive Officer
Saskatoon, Canada
April 27, 2011

Harvey J. Bay
Chief Financial Officer
Saskatoon, Canada
April 27, 2011

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Wescan Goldfields Inc.

We have audited the accompanying consolidated financial statements of Wescan Goldfields Inc., which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009 and the consolidated statements of loss and comprehensive loss, cash flows and shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wescan Goldfields Inc. as at December 31, 2010 and December 31, 2009, and its consolidated results of operations and its consolidated cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

April 27, 2011
Saskatoon, Canada

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

	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 499,115	$ 289,605
Receivables	4,173	92,948
Prepaids and deposits	14,311	34,246
	517,599	416,799
Property and equipment (note 4)	188,813	270,371
Mineral properties (note 5)	6,889,084	6,824,985
	$ 7,595,496	$ 7,512,155
Liabilities & Shareholders' Equity		
Current liabilities:		
Payables and accrued liabilities	$ 145,786	$ 738,725
Future income tax liability (note 6)	163,336	-
Shareholders' equity:		
Share capital (note 7)	16,180,229	15,026,429
Warrants and Broker Warrants (note 7)	119,288	71,386
Contributed surplus (note 7)	1,881,740	1,634,118
Deficit	(10,894,883)	(9,958,503)
	7,286,374	6,773,430
	$ 7,595,496	$ 7,512,155

Nature of operations and going concern (note 1)
Commitments (note 13)
Subsequent event (note 14)

On behalf of the Board

Kenneth E. MacNeill
Chairman and Chief Executive Officer

Arnie E. Hillier
Chairman of the Audit Committee

See accompanying notes to consolidated financial statements

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

	Year Ended December 31, 2010	Year Ended December 31, 2009
Income		
Interest	$ 328	$ 2,924
Other	39,216	26,621
	39,544	29,545
Expenses		
Administration	595,705	838,837
Professional fees	98,582	68,469
Amortization	81,637	105,047
	775,924	1,012,353
Loss before the undernoted items	(736,380)	(982,808)
Settlement with Alto Ventures Ltd. (note 12)	(200,000)	-
Gain on sale of equipment	-	36,904
Write down of mineral properties (note 5)	-	(5,186,102)
Loss before income taxes	(936,380)	(6,132,006)
Future income tax recovery (note 6)	-	620,948
Net and comprehensive loss	$ (936,380)	$ (5,511,058)
Net loss per share		
Basic and diluted (note 8)	$ (0.01)	$ (0.07)
Weighted average number of shares outstanding	84,522,227	79,875,520

See accompanying notes to consolidated financial statements

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

	Year Ended December 31, 2010	Year Ended December 31, 2009
Cash provided by (used in):		
Operations:		
Net and comprehensive loss	$ (936,380)	$ (5,511,058)
Non-cash items:		
Amortization	81,637	105,047
Fair value of stock options vested	176,236	171,858
Settlement with Alto Ventures Ltd.	150,000	-
Write-down of mineral properties	-	5,186,102
Gain on sale of equipment	-	(36,904)
Future income tax recovery	-	(620,948)
Net change in non-cash operating working capital items:		
Receivables	88,775	59,193
Prepaids and deposits	19,935	(11,303)
Payables and accrued liabilities	(592,939)	357,177
	(1,012,736)	(300,836)
Investing:		
Additions to mineral properties	(64,099)	(3,021,021)
Property and equipment	(79)	124,450
	(64,178)	(2,896,571)
Financing:		
Issue of share capital (net of issue costs)	1,286,424	937,577
	1,286,424	937,577
Increase (decrease) in cash position	209,510	(2,259,830)
Cash and cash equivalents, beginning of year	289,605	2,549,435
Cash and cash equivalents, end of year	$ 499,115	$ 289,605
Cash and cash equivalents consists of:		
Cash	$ 499,115	$ 56,010
Guaranteed investment certificates and treasury bills	-	233,595
	$ 499,115	$ 289,605

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.

(A Development Stage Entity)

Consolidated Statements of Shareholders' Equity

	Year Ended December 31, 2010	Year Ended December 31, 2009
Share Capital (note 7)		
Balance, beginning of year	$ 15,026,429	$ 14,781,186
Private placements	1,203,427	856,767
Shares issued for settlement with Alto Ventures Ltd.	150,000	-
Shares issued in exchange for accounts payables	-	80,454
Share issue costs	(36,291)	(54,481)
Tax effect of renunciation of flow-through shares	(163,336)	(637,497)
Balance, end of year	$ 16,180,229	$ 15,026,429
Warrants (note 7)		
Balance, beginning of year	$ 61,649	$ 18,143
Issued	116,573	61,649
Expired	(61,649)	(18,143)
Balance, end of year	$ 116,573	$ 61,649
Broker Warrants (note 7)		
Balance, beginning of year	$ 9,737	$ 11,221
Issued	2,715	9,737
Expired	(9,737)	(11,221)
Balance, end of year	$ 2,715	$ 9,737
Contributed Surplus (note 7)		
Balance, beginning of year	$ 1,634,118	$ 1,432,896
Stock based compensation	176,236	171,858
Warrants expired	61,649	18,143
Broker warrants expired	9,737	11,221
Balance, end of year	$ 1,881,740	$ 1,634,118
Deficit		
Balance, beginning of year	$ (9,958,503)	$ (4,447,445)
Net and comprehensive loss	(936,380)	(5,511,058)
Balance, end of year	$ (10,894,883)	$ (9,958,503)

See accompanying notes to consolidated financial statements

1. Nature of operations and going concern

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" or the "Company"). Substantially all of the Company's efforts are directed to the exploration and development of its mineral properties and the Company is considered to be in the development stage with respect to its current mineral property holdings.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable mineral reserves. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the financing necessary to complete exploration and development and the success of future operations.

These financial statements are prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. At December 31, 2010, the Company had working capital of $371,813 and did not have sufficient resources to finance exploration activities through its 2011 fiscal year, conditions which raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern and fund exploration expenditures in an orderly manner requires further equity issues in 2011. The Company has successfully completed a financing to fund a portion of its exploration activities in 2011 (see Note 14 – Subsequent event).

These financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Generally accepted accounting principles require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Areas of significance requiring the use of management estimates relate to the determination of the recoverability of capitalized mineral exploration costs, stock-based compensation costs and the determination of future income tax. Actual recovered amounts could differ from those estimates.

The following accounting policies are considered to be significant:

Consolidation principles

The consolidated financial statements include the accounts of the Company and its subsidiary.

Cash and cash equivalents

Cash and cash equivalents includes cash and investments that, upon acquisition, have an initial term to maturity of three months or less.

Mineral properties

Subject to compliance with provincial mineral regulations, the Company holds the right to explore for and develop mineral resources on various Crown property dispositions within the Province of Saskatchewan. These rights are classified as mineral properties for financial statement purposes.

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production from a property, the related accumulated costs are amortized against future income of the project using the unit-of-production method over estimated recoverable reserves. Interest on debt associated with the acquisition and development of mineral properties is capitalized until commencement of commercial production. There have been no interest costs capitalized to date. Management assesses carrying values of non-producing properties each time it issues financial statements. Where information and conditions suggest impairment and where independent estimates of reserves or resources are unavailable for which to estimate future net cash flows or the properties are allowed to lapse, carried costs are written down.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to establish the existence of reserves, to complete the development of such reserves, and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options to acquire mineral properties are granted or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

Property and equipment

Property and equipment purchases are recorded at cost and amortized using the declining balance method except for leasehold improvements, which are amortized on a straight-line basis over a term equal to the remaining life of the current lease agreement. Annual amortization rates are as follows:

Computer equipment	30%
Computer software	100%
Furniture and equipment	20%

Future income taxes

Future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value of existing assets and liabilities and their respective tax base. Future income tax assets and liabilities are measured using enacted and substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are to be recovered or settled. The effect on future income tax assets and liabilities resulting from a change in rates is recognized in earnings in the period which includes the enactment date. Future income tax assets and liabilities are recorded in the financial statements if realization is considered more likely than not. The valuation of future income taxes is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated recoverable amount.

Flow-through shares

The Company finances a portion of its exploration activities through the issuance of flow-through shares. The Company renounces the deductions to investors and accordingly records share issue costs related to the future tax liability of the temporary difference arising from the renunciation. As a result, share capital is reduced and future income tax liabilities are increased by the estimated tax benefits when renounced by the Company to the investors, except to the extent that the Company has unused tax benefits from loss carry forwards that are not expected to expire before they are utilized and tax pools in excess of book values available for deduction against which a valuation allowance has been provided. In these circumstances, the future tax liability reduces the valuation allowance, if any, and the reduction is recognized in earnings.

Per share amounts

Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated based on the treasury-stock method, which assumes that any proceeds received on the exercise of options and warrants would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change. Excluded from the calculation of diluted loss per common share are the effects of outstanding options, as the effect on basic loss per share would be anti-dilutive.

Stock-based compensation

The Company has a share option plan that is described in note 7 (h).

Options granted under the share option plan are accounted for using the fair value method. Under this method, the fair value of stock options granted is measured at the estimated fair value at the grant date and recognized over the vesting period. When forfeitures occur during the period in which a stock option vests, no further amounts are recognized. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

Financial instruments presentation and disclosure

a) 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 amounts 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.

b) Financial liabilities

Accounts payable are classified as other financial liabilities, which are measured at amortized cost. Due to the short-term nature of accounts payable, the carrying amounts approximate fair value.

c) Fair value

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measure in its entirety. Based on these categories, all of the Company's financial instruments which are measured at fair value are categorized as Level 1.

3. Changes in accounting policies

a) New accounting pronouncements

International financial reporting standards

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective in calendar year 2011. The Company's first financial statements presented in accordance with IFRS will therefore be the three-month period ended March 31, 2011. The Company will also provide comparative data on an IFRS basis, including an opening balance sheet as at January 1, 2010.

Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. The consolidated financial performance and financial position as presented in the Company's Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS. Management has not completely quantified the effects of adopting IFRS.

4. Property and equipment

Property and equipment is made up of the following:

	Cost	Accumulated Amortization	2010 Net Book Value	2009 Net Book Value
Computer equipment	$ 46,137	$ 33,346	$ 12,791	$ 18,273
Computer software	66,949	66,949	-	312
Furniture and equipment	296,194	162,269	133,925	167,594
Leasehold improvements	156,863	114,766	42,097	84,192
	$ 566,143	$ 377,330	$ 188,813	$ 270,371

Amortization of property and equipment during the year ended December 31, 2010 was $81,637 (2009 – $105,047).

5. Mineral properties

Mineral properties are made up of the following:

	December 31, 2009	Acquisition Costs	Exploration Costs	Write-down of Mineral Properties	December 31, 2010
Munro (a)	$ 364,526	$ -	$ -	$ -	$ 364,526
Jojay (b)	3,057,380	-	4,200	-	3,061,580
Hudson Bay/ Pinehouse Lake (c)	3,403,079	-	59,899	-	3,462,978
Total	$ 6,824,985	$ -	$ 64,099	$ -	$ 6,889,084

	December 31, 2008	Acquisition Costs	Exploration Costs	Write-down of Mineral Properties	December 31, 2009
Munro (a)	$ 324,714	$ -	$ 39,812	$ -	$ 364,526
Jojay (b)	3,059,594	-	(2,214)	-	3,057,380
Hudson Bay/ Pinehouse Lake (c)	426,211	6,076	2,970,792	-	3,403,079
Fork Lake/ Jasper/Tamar (d)	5,122,007	-	6,555	(5,128,562)	-
Limestone Lake/ Hanson Lake (e)	57,540	-	-	(57,540)	-
Total	$ 8,990,066	$ 6,076	$ 3,014,945	$ (5,186,102)	$ 6,824,985

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 does not necessarily reflect fair values.

a) Munro gold property

The Company holds a 98.4% interest in the Munro gold property, consisting of certain mineral dispositions located approximately 128 kilometers northeast of La Ronge, Saskatchewan. The Munro property is located 7 kms from a producing gold mine.

b) Jojay gold property

The Company holds a 100% interest in the Jojay gold property, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The Company has an Indicated Resource and Inferred Resource as defined under National Instrument 43-101 on the Jojay gold deposit. The Jojay property is located 11 kms from a producing gold mill.

c) Hudson Bay/Pinehouse Lake coal properties

The Company holds a 100% interest in 331 coal permits that comprise a total area of 229,280 hectares (2,292 square kilometres) and are in close proximity to Hudson Bay, and Pinehouse Lake, Saskatchewan.

d) Fork Lake/Jasper/Tamar gold properties

The Company holds a 100% interest in the Fork Lake/Jasper/Tamar gold properties, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan. In 2009, the Company's strategic focus and limited financial resources caused the Company to discontinue exploration on these properties in the short-term. As a result, the Company wrote down the carrying value of the properties to nil.

e) Limestone Lake/Hanson Lake properties

The Company held a 100% interest in 8 claims in the Limestone and Hanson Lake area located 85 kilometers west of Creighton, Saskatchewan. The Company allowed these claims to lapse and as a result the Company wrote down the carrying value of the properties to nil.

6. Income taxes

The significant components of future income tax assets and liabilities at December 31, 2010 and 2009 are as follows:

	2010	2009
Future income tax assets		
Non-capital loss carry forwards	$ 1,508,555	$ 1,373,092
Share issue costs	47,661	61,276
Future income tax assets before valuation allowance	1,556,216	1,434,368
Future income tax liabilities – mineral properties	(264,025)	(167,940)
Valuation allowance	(1,455,527)	(1,266,428)
Net future income tax liabilities	$ (163,336)	$ -

The provision for income taxes differs from the amount computed by applying the combined expected federal and provincial income tax rate to earnings before income taxes. The reasons for these differences are as follows:

	2010	2009
Loss before income taxes	$ 936,380	$ 6,132,006
Combined federal and provincial tax rate	30.0%	31.0%
Expected tax recovery	(280,914)	(1,900,922)
Increase in taxes resulting from:		
Non-deductible stock option expenses	52,871	53,276
Other non-deductible amounts	17,933	2,995
Effect of change in effective tax rates	21,011	238,275
Change in valuation allowance	189,099	985,428
Future income tax recovery	$ -	$ (620,948)

As at December 31, 2010, the Company has operating losses for income tax purposes of $5,587,241 that are available to reduce taxes in future years. The losses expire as follows: 2014 – $246,217; 2015 – $435,501; 2026 – $746,142; 2027 – $1,363,135; 2028 – $1,368,116; 2029 – $850,020; 2030 – $578,110.

7. 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 prorated and when declared by the Board of Directors and to one vote per share at meetings of the shareholders of the Company. Upon dissolution or any other distribution of assets, the shareholders are entitled to receive a pro-rata share of such distribution.

Issued and outstanding

	2010		2009	
	Common Shares	Amount	Common Shares	Amount
Balance, beginning of year	80,115,483	$ 15,026,429	75,121,390	$ 14,781,186
Common shares issued (a)	3,461,539	445,327	-	-
Common shares issued (b)	6,000,000	245,100	-	-
Common shares issued (c)	9,499,999	513,000	-	-
Common shares issued (d)	3,000,000	150,000	-	-
Common shares issued (e)	-	-	1,741,499	251,821
Common shares issued (f)	-	-	502,838	80,454
Flow-through shares issued (g)	-	-	2,749,756	604,946
Future income taxes on renunciation of flow-through shares	-	(163,336)	-	(637,497)
Issue costs	-	(36,291)	-	(54,481)
Balance, end of year	102,077,021	$ 16,180,229	80,115,483	$ 15,026,429

a) Common shares

In May 2010, the Company issued 3,461,539 units for gross proceeds of $450,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.22. The value of common shares was recorded as $445,327 and the estimated fair value of the warrants was recorded as $4,673. The warrants expire in May 2011.

b) Common shares

In October 2010, the Company issued 6,000,000 units for gross proceeds of $300,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.10. The value of common shares was recorded as $245,100 and the estimated fair value of the warrants was recorded as $54,900. The warrants expire in October 2011.

c) Common shares

In December 2010, the Company issued 9,499,999 units for gross proceeds of $570,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.10. The value of common shares was recorded as $513,000 and the estimated fair value of the warrants was recorded as $57,000. The warrants expire in December 2011.

d) Common shares

In October 2010, the Company 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 Note 12).

e) Common shares

In September 2009, the Company issued 1,741,499 units for gross proceeds of $313,470. Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.30. The value of common shares was recorded as $251,821 and the estimated fair value of the warrants was recorded as $61,649. The warrants expire in September 2010.

f) Common shares

In December 2009, the Company issued 502,838 common shares of Wescan pursuant to a shares-for-debt settlement agreement with a service provider. The shares-for-debt settlement extinguished $80,454 of the Company's debt for the issuance of 502,838 common shares at a price of $0.16 per share.

g) Flow-through shares

In July 2009, the Company issued 2,749,756 flow-through shares for gross proceeds of $604,946. The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, 2010; the deduction of which flows through to the shareholder. At December 31, 2010, all expenditure commitments had been met.

h) Share option plan

The Company has established a share option plan whereby options may be granted to directors, officers, consultants and 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 closing price of the common shares on the stock exchange on which the shares are traded prior to the date on which the options were granted. Certain options vest immediately while others vest six to twenty-four months after grant date and expire five years from the date of the grant of the options.

During 2010, the Company granted 2,800,000 (2009 – 1,520,000) options to directors, officers, and employees. The fair value of these options was determined using the Black-Scholes option-pricing model with the following assumptions:

	2010	2009
Number of options granted	2,800,000	1,520,000
Average strike price	$ 0.07	$ 0.16
Expected dividend	-	-
Expected volatility	111.5%	95.19%
Risk-free interest rate	2.20%	1.60%
Expected life of options (in years)	5.00	5.00
Grant date fair values	$ 156,520	$ 176,168

The fair value of the options granted during 2010, using the Black-Scholes option-pricing model was $156,520 (2009 – $176,168). The fair value of options vested and expensed from options granted this year and previous years was $176,236 (2009 – $171,858).

For options outstanding at December 31, 2010 and 2009, weighted average exercise prices are as follows:

	Options	Average Price
Balance - December 31, 2008	4,977,500	$ 0.46
Granted	1,520,000	0.16
Expired/Forfeited	(1,057,500)	0.25
Balance - December 31, 2009	5,440,000	0.42
Granted	2,800,000	0.07
Expired/Forfeited	(1,040,000)	0.29
Balance - December 31, 2010	7,200,000	$ 0.30

For options outstanding at December 31, 2010, the range of exercise prices; weighted average exercise price and the weighted average remaining contractual life is as follows:

	Outstanding			Exercisable	
Option Price Per Share	Options December 31, 2010	Weighted Average Exercise Price	Weighted Average Remaining Life	Options December 31, 2010	Weighted Average Exercise Price
$0.07	2,800,000	$ 0.07	4.50 years	2,800,000	$ 0.07
$0.16	1,250,000	0.16	3.32 years	1,208,333	0.16
$0.34 – 0.39	950,000	0.35	1.55 years	950,000	0.35
$0.50 – 0.91	2,200,000	0.66	0.77 years	2,200,000	0.66
	7,200,000	$ 0.30	2.76 years	7,158,333	$ 0.30

i) Warrants

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

	Warrants	Amount	Average Price
Balance - December 31, 2008	1,003,873	$ 18,143	$ 0.35
Issued	870,750	61,649	0.30
Expired	(1,003,873)	(18,143)	0.35
Balance – December 31, 2009	870,750	61,649	0.30
Issued	9,480,770	116,573	0.12
Expired	(870,750)	(61,649)	0.30
Balance - December 31, 2010	9,480,770	$ 116,573	$ 0.12

As at December 31, 2010 the warrants outstanding expire in May 2011 through to December 2011.

The warrants issued in 2010 were fair valued at $116,573 (2009 – $61,649). The fair value of the warrants issued in 2010 was determined using the Black-Scholes option-pricing model with the following assumptions: a volatility factor ranging from 60.6% to 90.2% (2009 – 132.0%), risk-free rate of return ranging from 1.15% to 1.33% (2009 – 0.57%), expected dividend of 0% (2009 – 0%), and expected term of 1 year (2009 – 1 year).

j) 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	Amount	Average Price
Balance - December 31, 2008	537,833	$ 11,221	$ 0.35
Issued	170,826	9,737	0.30
Expired	(537,833)	(11,221)	0.35
Balance – December 31, 2009	170,826	9,737	0.30
Issued	226,216	2,715	0.10
Expired	(170,826)	(9,737)	0.30
Balance - December 31, 2010	226,216	$ 2,715	$ 0.10

As at December 31, 2010 the broker warrants outstanding expire in December 2011.

The broker warrants issued in 2010 were fair valued at $2,715 (2009 – $9,737). The fair value of the broker warrants was determined using the Black-Scholes option-pricing model with the following assumptions: a volatility factor of 90.2% (2009 – 120.2%), risk-free rate of return of 1.33% (2009 – 0.59%), expected dividend of 0% (2009 – 0%), and expected term of 1 year (2009 – 1 year).

k) Contributed surplus

A summary of the contributed surplus activity is as follows:

	2010	2009
Balance - beginning of year	$ 1,634,118	$ 1,432,896
Fair value of options vested	176,236	171,858
Contributed surplus related to broker warrants expired	9,737	11,221
Contributed surplus related to warrants expired	61,649	18,143
Balance - end of year	$ 1,881,740	$ 1,634,118

8. Per share amounts

The calculation of loss per share amounts is based on the following:

		2010		2009
Numerator:				
Loss applicable to common shares	$	(911,380)	$	(5,511,058)
Denominator:				
Weighted average common shares outstanding		84,522,227		79,875,520
Basic and diluted loss per common share	$	(0.01)	$	(0.07)

Excluded from the calculation of diluted loss per common share were the effects of outstanding options, warrants and broker warrants as the effect on basic loss per share would be anti-dilutive.

9. Capital disclosures

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

The Company considers the items included in shareholders' equity as capital and has primarily financed its explorations efforts through the issuance of shares.

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.

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company is in the development stage and as such does not pay dividends. The Company's investment policy is to invest its cash in highly rated, liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

10. Related party transactions

During the year management and consulting fees of $97,000 (2009 – $72,000) were paid to companies controlled by certain officers of the Company and were included as administration expense. Accounts payable includes $0 (2009 – $21,800) due to these companies.

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

11. Financial instruments

As at December 31, 2010, the fair value of all the Company's financial instruments approximates their carrying value. Certain financial instruments are exposed to the following risks:

a) 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's credit risk primarily relates to accounts receivables and investments in guaranteed investment certificates and treasury bills and is not considered significant.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2010 the Company believes it will have sufficient access to financial markets to continue to fund its financial liabilities through future equity issues.

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 in its properties or joint operations 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.

12. Settlement with Alto Ventures Ltd.

On October 29, 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 to Alto Ventures Ltd. and $50,000 payable in two installments of $25,000 by October 31, 2010 (paid) and March 31, 2011 (included in accrued liabilities at December 31, 2010).

13. Commitments

As at December 31, 2010, the Company was committed to a lease for office space and equipment, as follows:

Year	
2011	$ 92,037
2012 and thereafter	1,034
Total	$ 93,071

14. Subsequent event

On February 24, 2011, the Company closed a private placement financing consisting of an aggregate of 10,125,000 common shares in the capital of the Company ("Common Shares") issued on a flow-through basis pursuant to the *Income Tax Act* (Canada) (each a "FT Share") at a price of $0.15 per FT Share and 250,100 units of the Company ("Units") at a price of $0.14 per Unit, for aggregate gross proceeds of $1,553,764. Each Unit consists 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.

15. Comparative figures

Certain prior year balances have been reclassified to conform to the current financial statement presentation.