

### WESCAN GOLDFIELDS INC. (\$0.34, WGF: TSX-V)

#### Recommendation

Speculative Buy

#### Risk

High

#### Price (Nov 2)

\$0.34

#### 52-Week Range

\$0.70 - \$0.20

#### Target Price

1 Year: \$0.60

3 Year: \$1.75

#### Potential Return

1 Year: 1.8x

3 Year: 5.1x

#### Shares O/S

63.0 million

#### Market Cap

\$21.4 million

#### Average Daily Volume

20 da: 117,180

150 da: 48,500

#### Year-End

December 31

C\$	BVPS	EPS
2005	\$0.16	\$0.00
2006	\$0.18	\$(0.01)
2007E	\$0.17	\$(0.02)
2008E	\$0.18	\$(0.02)

BVPS: Book Value Per Share

EPS: Earnings Per Share

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Data Source: [www.BigCharts.com](http://www.BigCharts.com)

### UPFRONT

Gold and uranium! The two mining sectors of greatest investor interest. And all right here in Wescan Goldfields Inc.

### RECOMMENDATION

eResearch has initiated coverage of Wescan Goldfields Inc. (“Wescan” or the “Company”) with a Recommendation of Speculative Buy. Our 12-month Target Price is \$0.60 per share, compared to the current share price of \$0.34. Our long term Target Price (3 years) is \$1.75. (See Investment Conclusions on page 10).

### PROFILE

Wescan Goldfields Inc. is a junior mineral exploration company, focused on gold, uranium and base metals in Saskatchewan and Ontario.

### HIGHLIGHTS

- ▶ Exposure to both gold and uranium, areas of strong investor interest.
- ▶ Active drilling program underway at several properties; results expected soon.
- ▶ New NI 43-101 resource estimate expected for the Jojay property in Saskatchewan by year-end 2007.
- ▶ Option agreement to earn a 50% interest in promising Mud Lake Project.
- ▶ Further acquisitions likely, including active pursuit of opportunities in Mexico.
- ▶ Significant synergies from the Company’s relationship with successful sister company Shore Gold Inc.
- ▶ Challenges include Wescan’s relatively low profile in the market, and access to human resources and drill rigs.

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## THE COMPANY

Wescan Goldfields Inc. is a growth-oriented junior mineral exploration company with properties located in Saskatchewan and north-central Ontario (Beardmore-Geraldton gold belt). The Company is actively looking to acquire additional properties and projects including gold/silver properties in Mexico. Wescan's properties largely host gold, uranium and base metals, with gold being the primary focus.

Wescan was established in 2004, with the issuance of 12,000,000 shares to Shore Gold Inc. ("Shore Gold"), a sister company, in exchange for Shore Gold's interest in a portfolio of Saskatchewan gold properties. The Company was launched publicly in August 2004. It is headquartered in Saskatoon, Saskatchewan.

## MAJOR SHAREHOLDER

Shore Gold is the largest Wescan shareholder, holding 18% of Wescan's outstanding shares. After spinning off its gold properties to form Wescan, Shore Gold now focuses on its diamond properties and is currently advancing its Star Diamond Project and FALC Joint Venture in Saskatchewan. Shore Gold has a \$734 million market capitalization. The two companies share the same address and management resources.

## STRENGTHS AND CHALLENGES

### 1. Strengths

- **Close Affiliation With Shore Gold:** Being affiliated with Shore Gold (a successful diamond explorer) provides Wescan with the ability to leverage its skills, expertise, relationships and access to the capital markets.
- **Well Funded:** Wescan presently has cash of approximately \$4.5 million, positioning the Company well for exploration spending and potential property acquisitions. Estimated 2008 capex is \$3.5 million.
- **Management Track Record:** Wescan (and Shore Gold) management have experience in bringing mines through development and into production (Star and Jasper mines in northern Saskatchewan and the Kumtor Mine in Kyrgyzstan). While many companies can talk about doing this, Wescan management has proven experience. The "Corporate Vision" is to advance its properties through to production.
- **Commodity Diversity:** The Company has exposure to both gold and uranium, providing some commodity diversity for investors, and potentially greater upside.

### 2. Challenges

- **Regional Focus:** The Company's properties have been regionally focused in Saskatchewan and lack broad diversification. However, management added the Mud Lake Property in Ontario in June 2007, and is pursuing additional acquisitions including in Mexico.
- **Human Resources/Mining Equipment:** Attracting and retaining skilled human resources is a challenge faced by many companies in the current booming mining market. Access to mining equipment, including drills, also presents a challenge.

- Lack of Investor Awareness: As a relatively small exploration company, Wescan needs to create increased investor awareness and improve the liquidity of its shares. The Company's market capitalization is currently only \$21 million.

## PROJECTS

The Company's properties are set out in the following table:

Properties	Area (hectares)	Direct Interest	Mineralization	Status
Jojay Project (Saskatchewan)	198	100%	Gold	Advanced Exploration Drilling planned, scoping study & environment work underway
Fork Lake Project (Saskatchewan)	6,513	100%	Gold	Follow-up drilling underway
Wescan/Santoy Joint Venture (Athabasca Basin, Saskatchewan)	134,000	50%	Uranium	Early stage exploration. Drilling in early 2008
Mud Lake Project (Beardmore-Geraldton gold district northcentral Ontario)	2,592	Option to earn 50%	Gold	Early stage exploration. Drilling to start in November 2007
Munro Lake Project (Saskatchewan)	2,480	51%	Gold	Early stage exploration Shane Resources Ltd. - 49%

Source: Wescan Goldfields

More detailed information on the Company's projects is presented in Appendix 2 on page 12.

## CORPORATE VISION

"To progress from a mineral exploration company to a mineral producer in the short term, building shareholder value through growth, exploration and development."

## CORPORATE STRATEGY

1. To pursue exploration programs on currently held projects.
2. To advance the Jojay project to the development stage in 2008 (see page 12).
3. To aggressively pursue Wescan's participation in advanced-stage projects through joint venture, acquisition and merger opportunities, including actively evaluating properties in Mexico through the Company's new Mexican subsidiary (see page 16).
4. To utilize Wescan's strength in management and experience to significantly grow the Company

## FINANCIAL REVIEW AND OUTLOOK

**Year End:** Wescan has a December 31 year end.

**Revenue:** As a mineral exploration company, the Company is not currently generating revenue, earnings, or cash flow.

**Cash:** The Company currently has cash of approximately \$4.5 million, following the completion of a \$1.5 million financing in July 2007. Cash is held in bank deposits, and there is no exposure to asset backed commercial paper (ABCP) investments.

**Exploration Spending:** Wescan had an exploration budget of \$5.2 million for 2007, but we expect the Company will spend closer to \$2.5 million during the year, as a result of a few delays. eResearch anticipates spending of approximately \$3.5 million in 2008, which could include additional property acquisitions as the Company is actively pursuing properties in Mexico.

**Burn Rate:** The Company's (non-exploration) non-discretionary expenses; i.e., salaries, office and administrative, accounting fees, etc. for H1/2007, were \$126,000 per month. We expect that the average monthly burn for 2008 will be in the range of \$130,000-\$150,000.

**Financing:** Wescan is presently well funded, having recently completed a brokered private placement raising gross proceeds of \$1.5 million. The funds are being allocated towards exploration and acquisitions. If the capital markets remain accessible, we expect Wescan to raise additional funding in early 2008, then again towards the end of that year.

**Debt Funding:** Wescan has no debt outstanding.

**Capital Structure:** The Company presently has 63.0 million shares issued and outstanding, and 70.0 million on a fully diluted basis. Management and directors hold approximately 2% of the Wescan's outstanding shares.

**COMMENT:** *Ownership by management and directors is relatively low, but this increases to approximately 20% when considering the shares of Wescan held by sister company Shore Gold. For junior exploration companies, we prefer management to have a significant personal investment in the company, so that business and personal interests are aligned.*

**Options and Warrants:** The Company has the following warrants and options outstanding:

**1. Warrants + Broker Warrants**

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Comment</b>	<b>Potential Equity</b>
3,024,408	\$0.45	19-Dec-07	Out-of-the-money	\$1,360,984
<i>194,438</i>	<i>\$0.40</i>	<i>19-Jul-08</i>	<i>Out-of-the-money</i>	<i>\$77,775</i>
<u>3,218,846</u>				<u>\$1,438,759</u>

**2. Options \***

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Comment</b>	<b>Potential Equity</b>
500,000	\$0.30	16-Nov-09	In-the-money	\$150,000
200,000	\$0.37	4-May-10	Out-of-the-money	\$74,000
1,350,000	\$0.65	Apr-May 2011	Out-of-the-money	\$877,500
500,000	\$0.50	28-Jul-11	Out-of-the-money	\$250,000
160,000	\$0.38	Jan-May 2012	Out-of-the-money	\$60,800
<u>950,000</u>	<u>\$0.34</u>	<u>27-Jun-12</u>	<u>Out-of-the-money</u>	<u>\$323,000</u>
<u>3,660,000</u>				<u>\$1,735,300</u>

\* As of Sept. 30, 2007

Source: Company and eResearch

**COMMENT:** For our financial forecasts, we include all options and warrants that are expected to be “in-the-money” based on our Target Price and which expire within our 12-month forecast period. Accordingly, as shown in italics in the above table, minimal additional issuance is expected as a result of warrant/option conversion.

**Financial Statements:** The Company’s financial statements are set out on the following page:

Table 1. Selected Financial Statements

	6 Months ended June 30:		Year Ended Dec 31			
	2006	2007	2005	2006	2007E	2008E
<b>Statement of Income/(Loss):</b>						
Operating Income	0	0	0	0	0	0
Non-Operating Income (inc.)	105,892	88,819	95,085	201,800	150,000	75,000
General & Administrative Expense	(489,517)	(756,245)	(392,408)	(1,036,197)	(1,600,000)	(1,700,000)
Stock-based Compensation	(71,323)	(176,720)	(102,450)	(308,447)	(350,000)	(350,000)
Amortization	(19,008)	(42,133)	(24,718)	(46,223)	(84,000)	(84,000)
Other Income/(Expenses:fees)	0	0	0	0	0	0
Income Taxes Recovery/(Expense)	<u>348,000</u>	<u>220,000</u>	<u>339,000</u>	<u>613,550</u>	<u>440,000</u>	<u>440,000</u>
Net Income/(Loss)	(125,956)	(666,279)	(85,491)	(575,517)	(1,444,000)	(1,619,000)
Total Shares Outstanding (basic)	49,620,338	59,095,166	46,802,464	59,045,166	62,983,916	70,711,189
Weighted Average Shares O/S	48,609,982	59,048,706	36,813,933	49,968,075	61,014,541	66,847,552
Earnings (Loss) Per Share	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.02)	(\$0.02)
<b>Statement of Cash Flow:</b>						
Net Income (Loss)	(125,956)	(666,279)	(85,491)	(575,517)	(1,444,000)	(1,619,000)
All Non-Cash Items	<u>(257,669)</u>	<u>(1,147)</u>	<u>(211,832)</u>	<u>(258,880)</u>	<u>(6,000)</u>	<u>(6,000)</u>
Cash Flow	(383,625)	(667,426)	(297,323)	(834,397)	(1,450,000)	(1,625,000)
Capital Expenditures (Properties)	(2,006,760)	(793,861)	(1,131,461)	(2,957,180)	(2,500,000)	(3,500,000)
Capital Expenditures (Other Assets)	0	0	(85,217)	(159,552)	0	0
Free Cash Flow	(2,390,385)	(1,461,287)	(1,514,001)	(3,951,129)	(3,950,000)	(5,125,000)
Working Capital Changes	(24,072)	158,631	113,209	(92,946)	(268,165)	6,000
Equity Financing (net)	1,024,643	0	5,486,130	3,036,890	1,550,000	3,500,000
Debt Financing	0	0	0	0	0	0
Change in Cash	(1,389,814)	(1,302,656)	4,085,338	(1,007,185)	(2,668,165)	(1,619,000)
Cash, Beginning of the Period	6,231,459	5,224,274	2,146,121	6,231,459	5,224,274	2,556,109
Cash, End of the Period	4,841,645	3,921,618	6,231,459	5,224,274	2,556,109	937,109
		<b>As at June 30:</b>	<b>As at Dec 31</b>			
		<b>2007</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008E</b>
<b>Balance Sheet:</b>						
Cash and equivalents		3,921,618	6,231,459	5,224,274	2,556,109	937,109
Other Current Assets		80,084	137,777	109,041	100,000	100,000
Mineral Properties		6,310,141	1,419,206	5,754,069	8,254,069	11,754,069
Other Assets		<u>386,484</u>	<u>60,499</u>	<u>173,828</u>	<u>400,000</u>	<u>400,000</u>
Total Assets		<u>10,698,327</u>	<u>7,848,941</u>	<u>11,261,212</u>	<u>11,310,178</u>	<u>13,191,178</u>
Current Liabilities		284,708	276,716	155,034	300,000	300,000
Other Current Liabilities		182,000	0	402,000	200,000	200,000
Debt Obligations		0	0	0	0	0
Shareholders' Equity		<u>10,231,619</u>	<u>7,572,225</u>	<u>10,704,178</u>	<u>10,810,178</u>	<u>12,691,178</u>
Total Liabilities & Equity		<u>10,698,327</u>	<u>7,848,941</u>	<u>11,261,212</u>	<u>11,310,178</u>	<u>13,191,178</u>
Book Value (S.E.) Per Share		\$0.17	\$0.16	\$0.18	\$0.17	\$0.18

Source: Company and eResearch

**COMMENT:** We have forecasted additional equity issuance of \$2 million at \$0.40 in early 2008, and \$1.5 million at \$0.55 towards the end of 2008. The book value per share remains relatively flat through 2007 and 2008. As a result of the financings, the cash position is expected to remain solid.

## VALUATION

Junior mineral exploration companies create value through management's skill and competence in evaluating, acquiring, exploring and developing properties. In the case of Wescan, eResearch has assessed these activities and management itself, and has also valued Wescan using a Peer Comparison analysis.

### Peer Comparison – Book Value Property Ratio

The Property Ratio below measures the premium the market currently places on a company's mineral property book values. All else being equal, a higher premium indicates the market is anticipating greater future value from the assets in the ground, while a lower premium may indicate a lower future value from the assets, or represent an undervalued asset.

For the Peer Comparison analysis, we have selected several junior mineral resource companies with either a gold focus in Saskatchewan or a uranium focus predominantly in the Athabasca Basin:

#### **Golden Band Resources Inc.**

Golden Band is a junior resource company engaged in the acquisition, exploration and development of mineral resource primarily in Saskatchewan. It has 100% interests in the Waddy Lake, Bingo and Birch Crossing deposits in the La Ronge Gold Belt of northern Saskatchewan.

#### **JNR Resources Inc.**

JNR Resources is a junior uranium explorer. The company has an interest in more than 362,000 hectares of highly prospective ground in the Athabasca Basin of northern Saskatchewan, including the high-grade Moore Lake joint venture property with Denison Mines Corp. It also has an interest in a property in central Newfoundland.

#### **Claude Resources Inc.**

Claude Resources is a gold exploration and mining company. Since 1991, Claude has produced approximately 775,000 ounces of gold from its Seabee mine in northeastern Saskatchewan (adjacent to Wescan's Munro Lake property). The Company also owns a property in the prolific Red Lake gold camp of northwestern Ontario. The Company also owns producing oil and natural gas assets.

#### **Shane Resources Ltd.**

Shane Resources is a relatively small but well-diversified junior exploration company that has assembled a broad portfolio of diamond, gold and base metal properties in Canada. Shane Resources is Wescan's joint venture partner on the Munro Lake Project, controlling 49%.

#### **Purepoint Uranium Group**

Purepoint is a junior uranium exploration company, exploring nine uranium projects in the Athabasca Basin of northern Saskatchewan.

#### **Titan Uranium Inc.**

Titan Uranium is a uranium explorer and a major landholder in the world's foremost uranium producing region. It has over 1.4 million acres of claims in the proven Athabasca and prospective Thelon Basins.

#### **Strathmore Minerals Corp.**

Strathmore Minerals is a Canadian based resource company specializing in the strategic acquisition, exploration and development of uranium properties.



In addition, we have included Kodiak Exploration for illustrative purposes, given its gold strike at its neighboring property in the Beardmore-Geraldton gold belt. However, Kodiak is excluded from the peer comparison due to its distorted property ratio.

**Table 2. Peer Comparison Analysis**

	Wescan Goldfields Inc. WGF: TSX-V June-07	Golden Band Resources Inc. GBN: TSX-V June-07	JNR Resources Inc. JNN: TSX-V July-07	Claude Resources Inc. CRJ: TSX June-07	Shane Resources Ltd. SEI: TSX-V June-07
<b>Corporate:</b>					
Share Price (November 2, 2007)	C\$ 0.34	C\$ 0.46	C\$ 3.28	C\$ 1.59	C\$ 0.34
Shares Outstanding (2)	63,030,916	98,319,464	81,550,000	93,200,000	25,940,000
Market Cap	C\$ 21,430,511	C\$ 45,226,953	C\$ 267,484,000	C\$ 148,188,000	C\$ 8,819,600
<b>Mineral Properties:</b>					
Book Value (Cost)	C\$ 6,310,141	C\$ 14,473,078	C\$ 12,978,606	C\$ 75,022,000	C\$ 726,735
Market Value	C\$ 17,042,325	C\$ 36,732,027	C\$ 248,292,455	C\$ 57,078,000	C\$ 8,135,450
Difference	C\$ 10,732,184	C\$ 22,258,949	C\$ 235,313,849	-C\$ 17,944,000	C\$ 7,408,715
Property Ratio	2.70	2.54	19.13	0.76	11.19
		<b>Purepoint Uranium Group PTU: TSX June-07</b>	<b>Titan Uranium Inc. TUE: TSX-V June-07</b>	<b>Strathmore Minerals Corp. STM: TSX-V June-07</b>	<b>Kodiak Exploration (3) KXL: TSX-V June-07</b>
<b>Corporate:</b>					
Share Price (November 2, 2007)		C\$ 0.54	C\$ 1.42	C\$ 3.74	C\$ 4.17
Shares Outstanding (2)		73,140,000	52,790,000	72,430,000	73,100,000
Market Cap		C\$ 39,495,600	C\$ 74,961,800	C\$ 270,888,200	C\$ 304,827,000
<b>Mineral Properties:</b>					
Book Value (Cost)		C\$ 12,724,718	C\$ 69,421,799	C\$ 26,657,516	C\$ 1,089,424
Market Value		C\$ 23,181,608	C\$ 56,383,766	C\$ 241,119,469	C\$ 298,485,125
Difference		C\$ 10,456,890	-C\$ 13,038,033	C\$ 214,461,953	C\$ 297,395,701
Property Ratio		1.82	0.81	9.05	273.98
Average Ratio (Peers)		6.47			
Adjusted Book Value (Cost)	(1)	C\$ 9,810,141			
Adjusted Property Ratio		1.74			
Selected Ratio		3.50			
Common Equity (Per Statements)		C\$ 10,231,619			
Adjusted Common Equity (Selected Ratio)	(1)	C\$ 38,256,972			
Equity Per Share (Per Statements)		C\$ 0.16			
Adjusted Equity Per Share (Selected Ratio)	(1)	C\$ 0.61			

Note (1): Mineral Properties and Shareholders' Equity are adjusted for estimated capex of \$3.5 million over the next 12 months.

Note (2): Share data is current, while balance sheet data is from the latest reporting period.

Note (3): Kodiak Exploration Ltd. is shown for comparative purposes, but not included in the peer group average ratio.

Source: eResearch

## Peer Comparison Analysis

eResearch has calculated the book value of Wescan's mineral property portfolio 12 months forward, by adding the anticipated capital expenditures for the forecast period to the existing mineral property value. Then we apply, to the Adjusted Book Value of the Mineral Property, the selected Mineral Property Ratio, as determined by analyzing and comparing the relative merits of the peer companies with the subject company. The peer group has an average Property Ratio of 6.47x, but given that the majority of the peers are larger and further advanced, it is appropriate to apply a discounted ratio for the Company. In this case, we apply a Selected Ratio of 3.50x to arrive at an estimated intrinsic value for Wescan of \$0.61.

### Investment Conclusions:

- The Peer Comparison analysis gives an estimated value of \$0.61
- Giving consideration to the foregoing, eResearch has derived a 12-month Target Price of \$0.60 for Wescan. The long-term Target Price is \$1.75 – see below.
- eResearch recommends the shares of Wescan as a Speculative Buy, suitable for risk-tolerant investors.
- Wescan's share price has drifted lower since peaking at \$0.70 in early 2007. However, recently it has started to recover on account of the gold strike at Kodiak Exploration, adjacent to the Company's Mud Lake Property in the Beardmore-Geraldton gold belt.

### Long-Term Target Price

The eResearch three-year Target Price is \$1.75. We derive this by assuming \$10 million of exploration spending over the next 3 years. We then apply Property Ratio that is consistent with the peer group, reflecting strong growth expectations for Wescan. Consistent with the Peer Comparison Analysis above, we arrive at an intrinsic value of \$1.75.

Other assumptions include the following:

- Wescan maintains access to the capital markets to raise ongoing exploration funding.
- Wescan experiences continued drilling success, leading to an economic gold deposit(s).
- Wescan proceeds through development to production.
- Wescan either partners with a major player, is acquired, or raises sufficient capital to develop a mine independently.

### Risk Factors

- **Commodity Price Risk:** Volatility of the underlying commodity prices will impact the value of metals in the ground being pursued by the Company.
- **Revenues:** The Company has no source of operating revenue, and significant additional expenditures will be required before any meaningful operating revenues will be generated, if any.
- **Capital Raising:** Significant ongoing capital will be required to conduct exploration, maintain its ownership interest in the mineral claims, to develop the properties, establish mining operations, and operate a mine.
- **Stock Price Volatility:** The stock price will be heavily influenced by the results of exploration.
- **Future Production:** If mineral resources are developed, there is no guarantee that production will be profitable.

- **Regulatory Risk:** Government regulations could change, particularly environmental requirements.
- **Competition:** The resource industry is highly competitive, and the Company competes with many companies with greater financial resources, management resources and technical facilities.
- **Uninsurable Risks:** The Company may become subject to liability for accidents, pollution and other hazards, against which it cannot insure, or it may choose not to insure due to high insurance premiums.

**COMMENT:** *These risks are common to early-stage exploration companies, but to varying degrees.*

## APPENDIX 1: MANAGEMENT AND DIRECTORS

### **Kenneth E. MacNeill - Chief Executive Officer & Board Chairman**

As a second-generation Saskatchewan mine developer, Kenneth MacNeill has an extensive background in all aspects of natural resource exploration and development. Mr. MacNeill is also President, CEO and a Director of Shore Gold Inc. (a publicly traded diamond exploration company), and has been with the Company since 1993. He guided Shore Gold through the acquisition and exploration of the Star Diamond project.

### **Maurice (Moe) F. Lindsay - President & Director**

A Canadian mining executive with 40 years' experience in Canada and internationally. Maurice Lindsay was formerly Vice-President of Engineering and Development for CenterraGold Inc., and was responsible for the development and operations of the 5,000 t/d Boroo Gold Mine as President of the Mongolian subsidiary. Mr. Lindsay has extensive experience at all stages of development including feasibility, engineering design, construction and operations and has been involved in a number of new mine developments including the Star and Jasper mines in northern Saskatchewan and the Kumtor Mine in Kyrgyzstan. Born and educated in Saskatchewan, Mr. Lindsay is a graduate mining engineer from the University of Saskatchewan in Saskatoon.

### **Todd Grychowski - Chief Financial Officer**

Todd Grychowski has been with the Company since May 2006. He was appointed to his present position in August 2007, having previously served as corporate controller where he was responsible for all finance, accounting, and reporting functions. Mr. Grychowski holds Bachelor of Commerce and Master of Professional Accounting degrees from the University of Saskatchewan, and has over 10 years of finance and accounting related experience.

### **Harvey Bay – Director**

Harvey Bay is the Chief Operating Officer, Chief Financial Officer and Director of Shore Gold. His career in the mining industry spans 23 years and includes senior financial positions with several well-known mining companies, including Hudson Bay Mining and Smelting Co. Ltd. and Saskatchewan Mining and Development Corporation, the predecessor company to Cameco Corp.

### **Gary Billingsley – Director**

Gary Billingsley is a professional engineer and geoscientist with 32 years' experience in the mineral industry, 24 of them in Saskatchewan. Mr. Billingsley has been an officer and director of several public mining and mineral exploration companies during the past 18 years. In addition to uranium and base metal exploration experience, he was directly involved in putting Saskatchewan's largest gold mine into production (Claude Resources' Seabee Mine) and played a major role in the discovery of diamond-bearing kimberlite in Saskatchewan on three separate occasions.

**Val Michasiw – Director**

Ms. Michasiw has been on the Board of Wescan Goldfields Inc. since April 2005. She currently is the Administrative Assistant to the President/CEO of Shore Gold, a position she has held since October 2005. Previously, Ms. Michasiw was the Corporate Secretary-Treasurer of Claude Resources Inc., a position which she had held from March 2000. Ms. Michasiw had been with Claude Resources Inc. since 1984, working in the areas of Investor Relations and Corporate Development.

**APPENDIX 2: PROPERTIES**

**Jojay Project  
(100% owned by Wescan)**

The Jojay property covers an area of 198 hectares and is located approximately 150 km northeast of La Ronge, Saskatchewan. The Jojay Project is one of the portfolio of properties acquired from Shore Gold Inc. at the Company’s initial formation in 2004. Wescan initially held the property in a joint venture with Claude Resources Inc. with a 25% interest and acted as operator. In October 2006, Wescan purchased Claude’s 75% interest in exchange for an issue of treasury shares.

The Jojay Project is an advanced-stage gold-exploration property, located within the greenstone belt of northern Saskatchewan. Jojay is located approximately 11 road kilometres from an existing mill and has an exploration access road into the property. Previous exploration and surface drilling has outlined a non-compliant (NI 43-101) mineral resource on the property of 326,000 tons at 0.218 oz/ton.

**Figure 1. Jojay Project Location**



Source: Company

Work on Jojay recommenced in June 2007. Wescan awarded a contract to complete a scoping study on the Jojay project in June to evaluate the economics of the project in anticipation of moving to an underground bulk sample phase. The Company also intends, as part of the next phase of the contract, to complete a NI 43-101 compliant technical report and resource estimate. This should be accomplished by year-end 2007. Wescan has also awarded a contract to carry out the necessary environmental baseline work required to permit an underground exploration program.

A surface drilling program is also planned for Jojay, and is expected to commence shortly. A contract has been awarded and the initial drill program of approximately 3,500 metres is planned for the first phase, with possible extension to a phase II and a phase III. The first phase of drilling is designed to supplement the existing data base to confirm and update the resource. The additional phases are designed to extend the known mineralization to depth and to test for new sub-parallel zones that may occur along the main shear zone (the Jojay Structural Zone). The gold mineralization in the project area is associated with mafic-felsic volcanics.

## Geology

The Jojay Lake project area straddles the north-north-easterly trending contact between a sequence of interbedded mafic to felsic volcanic rocks and sedimentary rocks. These were intruded by subvolcanic gabbro/diorite intrusions, porphyry and mafic dykes.

A shear zone, known as the Jojay Structural Zone, extends the entire length of the property and continues beyond the boundaries, along the sediment-volcanic contact. A second shear, termed the Parallel Structural Zone, occurs some 250 metres east of the Jojay Zone. Steeply dipping faults occur including the major Gnat Lake fault zone, which displaces the Jojay deposit. The mineralization consists of a group of steeply dipping, gold, polymetallic sulphide-bearing quartz vein stock work/silica flooded zones, located adjacent and parallel to the Jojay Structural Zone.

At least five separate zones have been recognized, including:

1. The Red Zone, traced over a strike length of 300 metres to a depth of approximately 320 metres. The zone remains open down-plunge.
2. The Blue Zone, traced over 250 metres along strike to a vertical depth of approximately 130 metres. It is essentially closed, although narrow intercepts at a depth of 200 metres some 100 metres north of the main Blue Zone lens indicate that an additional lens may be developing in this area.
3. The Orange Zone was intersected in two drill holes at relatively shallow depth (~25 metres), although subsequent drilling indicated little tonnage potential.
4. The Purple Zone was traced over a strike length of greater than 100 metres and to a depth of approximately 100 metres vertical. This zone is open at depth and along strike to the north and south.

**Fork Lake Project  
(100% owned by Wescan)**

The Fork Lake property is located in the “greenstone belt” of northern Saskatchewan in the vicinity of a number of former gold producers and the property encompasses the high-grade Jasper Gold Mine which produced 155,000 tons at 0.54 oz/ton in 1990-1991. The property covers an area of 6,513 hectares, is accessible by road 135 kilometres northeast of La Ronge, Saskatchewan, and is approximately 12 kilometers from an existing licensed gold processing plant.

Historical exploration from the early 1960s to the 1990s identified and investigated numerous mineralized showings and structural lineaments on the property, including the highly auriferous Jasper, Muskeg, and Roxy structures, the DMZ.X, Boulder, CP and DMZ.W zones.

Wescan’s ongoing exploration of the Fork Lake property included completion of two phases of drilling, and a prospecting and geochemical soil sampling program over the southwest portion of the property.

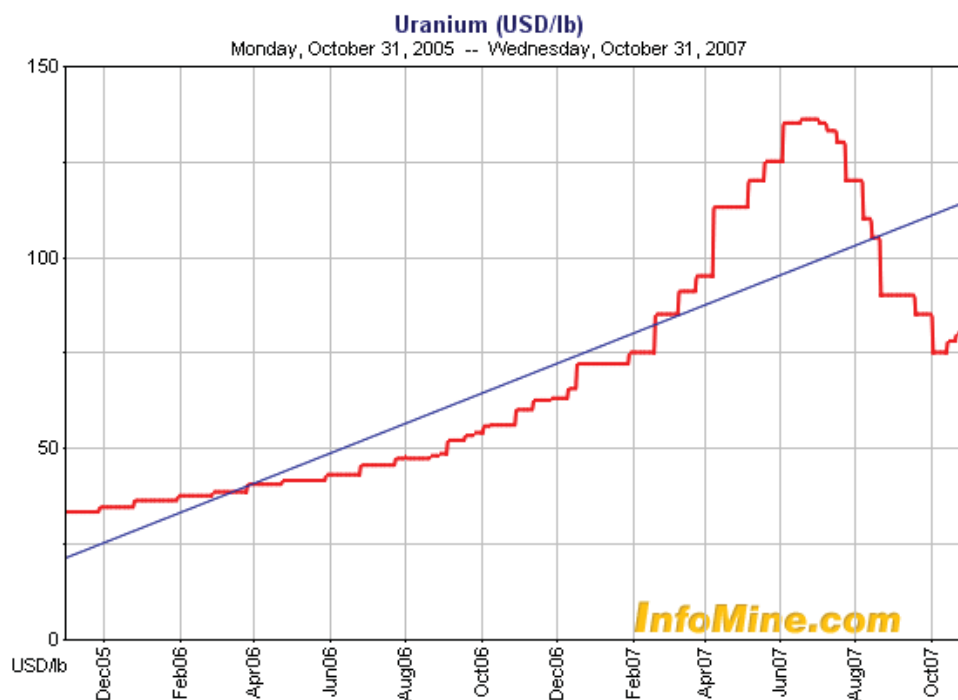
The drilling confirmed a high-grade, down plunge-down dip extension of the Jasper Mine structure, and indicates a mineralized zone of a similar size and grade as that mined previously at Jasper. The soil sampling program identified a number of new targets that are deemed to warrant follow-up, including drilling.

In 2007, exploration has focused on a follow-up program of the identified targets which included extension of the soil sampling grid, trenching on soil sample anomalies, a ground based prospecting program and drilling of selected targets. The current 2,500-metre drill program was completed at the end of October, with results expected in December.

**Athabasca Basin Uranium Targets (Wescan-Santoy Joint Venture)  
(Joint venture is 50% owned by Wescan)**

Wescan holds a 50% working interest in several prospective uranium properties. The properties are made up of six blocks covering approximately 134,000 hectares over diverse geological settings within the Athabasca Basin and the Wollaston Ford belt of northern Saskatchewan. The Athabasca Basin hosts several of the world’s largest and highest grade uranium deposits, and current exploration activity in the region is intense.

## Uranium Pricing

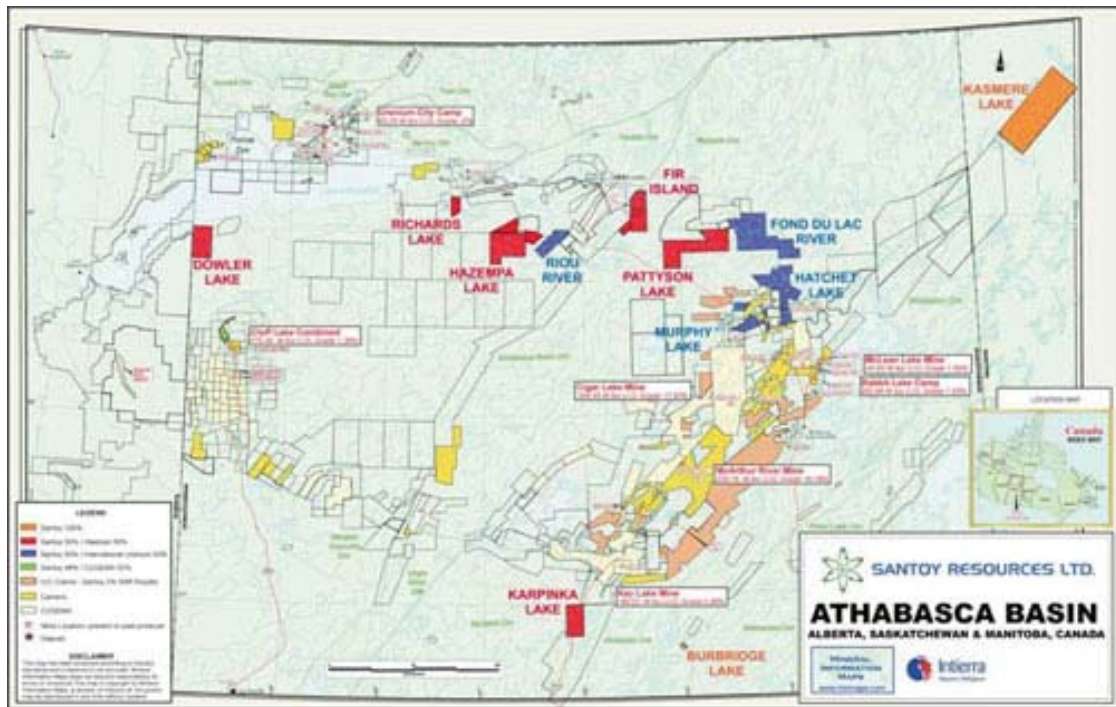


**COMMENT:** *Uranium prices remain attractive, but have come off the peak reached in July 2007. eResearch is optimistic about the long-term prospects for uranium.*

The properties are held by a 50:50 joint venture with Santoy Resources Ltd., with Santoy acting as operator. The various properties were selected on the basis of regional geology, structural setting, regional magnetic coverage, and proximity to known uranium mineralization. Two of the properties are in the northeast sector of the basin, south of the Fond du Lac River. Also in the northeast sector is a permit on Fir Island on Black Lake, just west of known significant uranium mineralization including the historic Nisto mine. Another permit sits immediately south of Lake Athabasca, just east of the Alberta border. The remaining property in the portfolio is located south of the Key Lake mine and covers an area of known uranium mineralization and is transacted by the Key Lake Road.



Figure 2. Athabasca Basin



Source: Company

Below is an update of the current/planned activities on the properties:

1. **Fir Island:** An additional claim was added to the north boundary of the Fir Island block. Fugro Airborne Surveys Ltd. was contracted in Q2/2007 to fly a geophysical survey over the new areas, as well as a portion of the original property. Approximately 650 line-kilometres were flown using a standard magnetometer and electromagnetic system. The results of the survey established that the expression of the Black Lake Fault was well defined by both the magnetic and electromagnetic data, as well as the terrain itself. Conductive response was noted along the Black Lake Fault and along other magnetic lineaments. Interpretation of the data is still ongoing and a summer program of boulder sampling and prospecting was carried out with additional follow-up exploration planned, including drilling.
2. **Pattyson Lake:** A ground-based prospecting and a lake-sediment sampling program is planned, which will be focused along the identified structural trends.
3. **Hazempa Lake:** Prospecting and sampling will occur, as well as exploration for clay alteration patterns along the identified structural breaks that could be indicative of uranium mineralization at depth. Further processing of airborne data is also under consideration.
4. **Richards Lake:** The proposed program includes additional processing of the MEGATEM data and a field sampling program to explore for clay alteration patterns, and prospecting to explore for any uranium and associated metal leakage features.
5. **Dowler Lake:** The planned program will sample for clay alteration and prospecting for uranium and associated metal leakage along structures. Based on the results, ground geophysical coverage will be planned to define drill targets.



6. Karpinka Lake: Possible drill targets have been identified to investigate the George occurrence that remains open along strike and down dip, and consideration is being given to completing a further stage of the geophysical coverage over the area to supplement the historical data prior to drilling.

Research expects drilling to commence in early 2008 on two target areas.

**COMMENT:** *Overall, we expect that Wescan will advance exploration on the uranium properties and hopefully add value, with the intention of eventually divesting its position. Management's expertise is in precious metals, and these properties are expected to remain the predominant focus for the Company.*

### **Mud Lake Project (Ontario)**

(Wescan has option to earn 50%)

**COMMENT:** *The recent Mud Lake joint venture represents the Company's first property acquisition outside the Province of Saskatchewan, and we view this portfolio diversification favourably.*

In June of 2007, Wescan Goldfields Inc. entered into an option agreement with Alto Ventures Ltd. (Alto), (ATV: TSX-V). Under the terms of the agreement, Wescan has an exclusive and irrevocable option to acquire an undivided 50% interest in Alto's Mud Lake Project by making \$600,000 in exploration expenditures and issuing 150,000 Wescan shares to Alto over a two-year period. Upon exercising the option by Wescan at the completion of the two-year term, the parties will enter into a 50:50 joint-venture agreement to carry out ongoing exploration and/or development. Alto will remain the project operator until the completion of a positive pre-feasibility study, at which time Wescan will have the option to assume the role of operator.

The Mud Lake Project consists of 2,592 hectares and is located 25 kilometres northeast of Beardmore, Ontario, in the Beardmore-Geraldton gold belt, where historical production has exceeded 4.0 million ounces of gold at an average grade of about 0.4 ounces per ton. A major auriferous shear extends for over 6.0 kilometers on the property, but was never drilled prior to a winter drill program carried out by Alto in early 2007. This drilling program tested three of twelve surface gold showings and confirmed the existence of the strong shear system - the Mud Lake Shear - which contains gold-bearing quartz veins at each of the three showings that were drilled. Gold values up to 13.9 grams/tons across 1.0 metre were intersected within a wider zone of gold mineralization that assays 3.39 g/t across 6.1 metres.

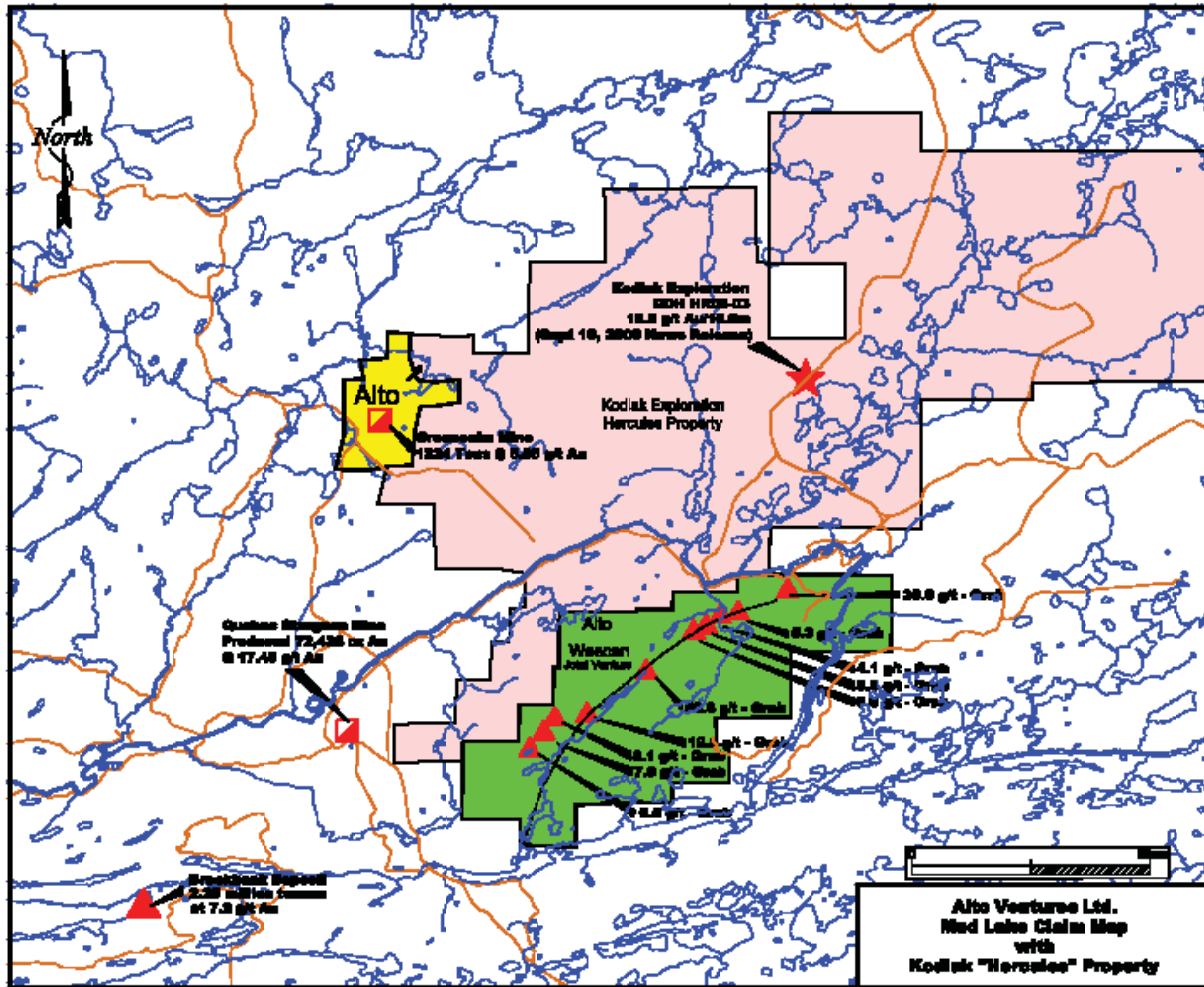
In August 2007, Wescan approved a program and budget proposed by Alto to carry out the next phase of exploration. Surface trenching, washing and sampling programs were completed in September in two areas along the Mud Lake Shear to fill gaps along strike between previously discovered gold showings. Samples from the trenched areas were delivered for analyses and results are expected in the near future.

A drill contract has been awarded, with 18 to 20 holes planned to test the previously discovered gold mineralization, and drilling is expected to commence in November 2007. The November drilling will, in part, follow-up on gold mineralization intersected at two of the three occurrences drilled previously. It will also test, for the first time, another three occurrences along the Mud Lake Shear, which have yet to be drill tested. This work is part of the Company's longer-term strategy

to evaluate each of the surface occurrences with diamond drilling and start to delineate in detail those that display continuity of mineralization and grade and show potential for the concentration of economic mineralization.

The Mud Lake property lies adjacent to the Hercules Property where Kodiak Exploration Ltd. (KXL: TSX-V) recently reported drilling results that confirmed significant gold mineralization, including 54.1 g/t gold across 2.0 metres in drill core, and 32.96 g/t gold across 11.6 metres in surface channel samples. Consequently, this has had a favourable impact on Wescan’s share price, and this story continues.

Figure 3. Mud Lake Project



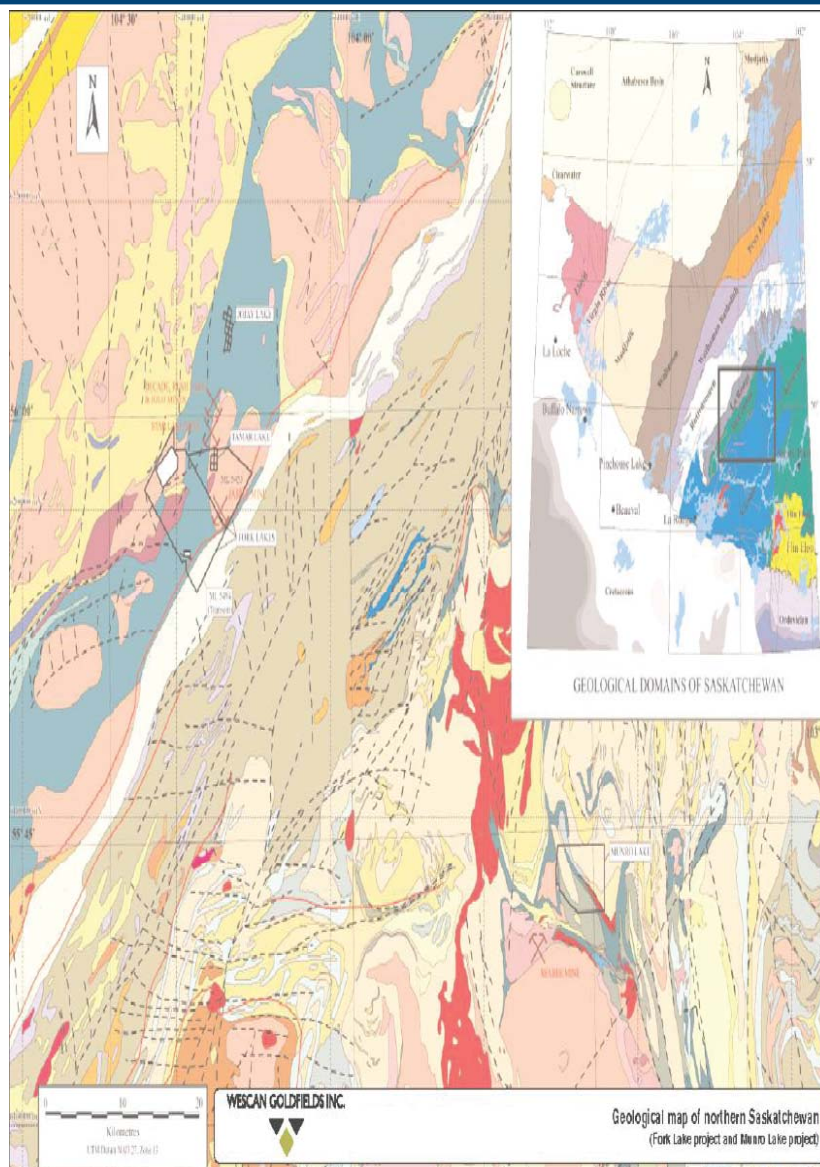
Source: Company

### Munro Lake Project (51% owned by Wescan)

The Munro Lake project is a joint venture between Wescan, with a 51% interest and as the operator, and Shane Resources Ltd (49%). The Munro Lake Project is an early-stage gold exploration play, which encompasses the northeast projection of the Laonil Lake Shear Zone, which is the main ore control structure for the Seabee Mine gold mineralization.

The project area covers 2,480 hectares situated about 130 kilometres northeast of La Ronge, Saskatchewan and approximately 7 kilometers northeast of the Seabee Mine/Mill complex. The Munro Lake project was part of the Shore Gold portfolio of properties transferred to Wescan at the company's formation. The property is in good standing, with no outstanding fees, environmental liabilities, royalties or other encumbrances. At present, there is not much activity on the property.

**Figure 4. Munro Lake Project**



Source: Company

The area is accessible from La Ronge and Otter Lake by float or ski equipped aircraft. It is also possible that Claude Resources would permit access from their Seabee mine site, which has an all-weather airstrip. The property can be accessed from the Seabee Mine via winter drill roads. The Seabee Mine is connected to a 115 KV hydro electric power line from Island Falls.

The property lies within the Glennie Lake area of the Churchill Structural Province. All rocks in the area are of Precambrian age and comprise mixed metavolcanics and metasedimentary belts within dominantly granitic gneisses and younger granitic bodies. Emplaced within this complex are younger basic and ultramafic bodies and more massive and homogeneous tonalites, granodiorites and granites. The Munro Lake property exhibits less than 15% outcrop. Several known copper-gold occurrences are reported in the area.

### **Mexican Subsidiary**

Wescan established a subsidiary in Mexico in 2006 to search for and evaluate potential acquisitions in that country. Wescan is interested in attractive gold and silver properties.

**COMMENT:** *Mexican properties would help diversify the property portfolio, and potentially provide greater exploration upside.*

## NOTES

## NOTES

## ANALYST CERTIFICATION

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**eResearch analysts on this report: Nigel Heath, CFA.** Nigel Heath has been analyzing companies from both a fixed income and equity perspective for 17 years. His experience extends to both Dominion Bond Rating Service where he was a sector lead analyst and a member of the Rating Committee, and at RBC Capital Markets where he served in London, England to gain an international perspective. He has held responsibility for analyzing companies in the following sectors: industrials, natural resources, energy, autos, and financial services. He graduated from Ryerson University with a Bachelor of Business Management (Accounting/Finance).

**Bob Weir, B.Sc., B. Comm, CFA.** Bob Weir has 40 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company. He joined eResearch in 2004.

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Beverly Brooks



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<b>Strong Buy:</b>	Expected total return within the next 12 months is at least 40%.
<b>Buy:</b>	Expected total return within the next 12 months is between 10% and 40%.
<b>Speculative Buy:</b>	Expected total return within the next 12 months is substantial, but Risk is High (see below).
<b>Hold:</b>	Expected total return within the next 12 months is between 0% and 10%.
<b>Sell:</b>	Expected total return within the next 12 months is negative.

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A company may have some, but not necessarily all, of the following characteristics of a specific risk rating to qualify for that rating:

<b>High Risk:</b>	<i>Financial</i> - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends. <i>Operational</i> - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.
<b>Medium Risk:</b>	<i>Financial</i> - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend. <i>Operational</i> - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry
<b>Low Risk:</b>	<i>Financial</i> - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock. <i>Operational</i> - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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