

## Update Report

June 11, 2008

### Recommendation

Speculative Buy

### Risk

High

### Price (June 10)

\$0.67

### 52-Week Range

\$0.89 - \$0.15

### Target Price

1-Year: \$1.25  
(previously \$0.60)  
3-Year: \$3.25  
(previously \$1.55)

### Potential Return

1-Year: 1.9X  
3-Year: 4.9X

### Shares O/S

63.0 million

### Market Cap

\$42.2 million

### Average Daily Volume

20-day: 731,200  
150-day: 244,000

### Year-End

December 31

\$	BVPS	EPS
2006	\$0.18	\$(0.01)
2007	\$0.18	\$(0.02)
2008E	\$0.22	\$(0.02)

BVPS: Book Value Per Share

EPS: Earnings Per Share

### Analysts

This report was written by a contracted analyst, and was vetted and approved by the eResearch Investment Committee.

Bob Weir, B.Sc., B.Comm, CFA  
Director of Research

## WESCAN GOLDFIELDS INC.

(\$0.67, WGF: TSX-V)



Data Source: www.BigCharts.com

### UPFRONT

Coal, gold, uranium and base metals - Wescan has it all. At present, we consider that coal has the greatest upside potential for shareholders.

### RECOMMENDATION

We have raised our 1-year and 3-year Target Prices for Wescan to \$1.25 (up from an initial \$0.60) and \$3.25 (up from \$1.55), respectively. The shares continue to be rated as a Speculative Buy for risk-tolerant investors.

### PROFILE

Wescan Goldfields Inc. ("Wescan" or the "Company") is a junior mineral exploration company, focused on gold, uranium, base metals and coal in Saskatchewan, and gold in Ontario.

### HIGHLIGHTS

- New land positions (pending regulatory approval) provide an exciting coal-exploration opportunity near Goldsource Mines' recent high-grade coal discovery in Saskatchewan.
- The price of metallurgical coal has risen significantly recently. Wescan is positioning itself to be an industry participant.
- Wescan also provides investors with diversified exploration exposure to gold, uranium and base metals.
- Drilling on the coal properties is expected to commence in late summer or fall 2008, and continue on the other projects as the Company pursues several exploration opportunities with its partners.
- An NI 43-101 resource estimate is expected soon for the Jojay gold project in Saskatchewan.
- Challenges include improving the Company's relatively low profile in the market, securing additional funding, and gaining coal expertise.

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## THE COMPANY

Wescan Goldfields Inc. is a growth-oriented junior mineral exploration company with properties in Saskatchewan and north-central Ontario (Beardmore-Geraldton gold belt). The Company is in the process of acquiring several coal properties near the town of Hudson Bay, Saskatchewan. Wescan's other properties largely host gold, uranium and base metals, but coal is now the primary focus given its value-creation potential.

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.

## 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."

## MAJOR SHAREHOLDER

Shore Gold is the largest Wescan shareholder, controlling 18% of the 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 \$568 million market capitalization. The two companies share the same address and management resources.

## STRENGTHS AND CHALLENGES

### 1. Strengths

- **Attractive Coal Prospect:** The acquisition of several coal properties in close proximity to the high-grade near-surface coal seam discovered by Goldsource Mines has the potential to add significant additional upside for shareholders given the currently strong metallurgical coal prices, which are expected to continue.
- **Commodity Diversity:** The Company has exposure to gold, uranium, and now coal (prospectively), providing commodity diversity for investors, and potentially greater upside as the Company can focus its exploration efforts on the commodity that is most attractive.
- **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.
- **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.

## 2. Challenges

- **Lack of Investor Awareness:** As a relatively small exploration company, Wescan needs increased investor awareness and greater liquidity of its shares. The recent focus on the “hot” coal market has ameliorated this somewhat.
- **Regional Focus:** The Company’s properties have been regionally focused in Saskatchewan and have lacked broad diversification. However, management added the Mud Lake Property (gold) in Ontario in June 2007 and, with the addition of coal, is now more diversified by commodity type.
- **Human Resources:** Attracting and retaining skilled human resources is a challenge faced by many companies in the current booming mining market. In particular, Wescan currently needs additional staffing expertise in the coal exploration/development area.
- **Mining Equipment:** Access to mining equipment, including drills, also presents an industry-wide challenge.

## PROJECTS

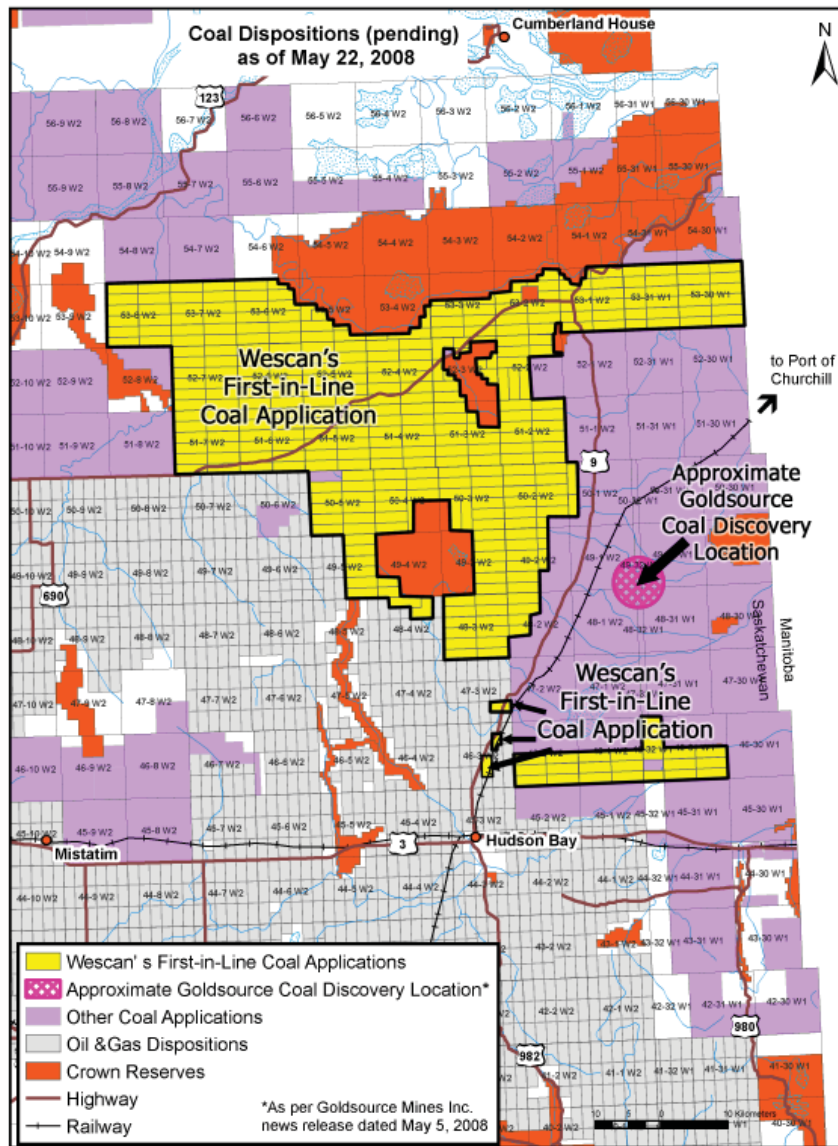
The Company’s properties are set out in the following table:

Table 1. Properties Summary				
Properties	Area (hectares)	Direct Interest	Mineralization	Status
Hudson Bay (Saskatchewan)	253,000	100%	Coal	Pending property acquisition
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

**NOTE:** More detailed information on the Company’s projects is presented in the November 5, 2007 eResearch Initiating Report on Wescan Goldfields, available on our website at [www.eresearch.ca](http://www.eresearch.ca).

Figure 1. Coal Dispositions Property Map



Source: Wescan Goldfields

## FINANCIAL REVIEW AND OUTLOOK

**Year-End:** December 31

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

**Cash:** The Company currently has cash of approximately \$3.0 million. Cash is held in bank deposits, and there is no exposure to asset-backed commercial paper (ABCP) investments.

**Exploration Spending:** Wescan spent \$2.1 million on exploration in 2007, plus another \$0.4 million on property and equipment. We expect spending of approximately \$5.0 million in 2008, including the investment in the new coal properties in Saskatchewan.

**Burn Rate:** The Company's (non-exploration) non-discretionary expenses - i.e., salaries, office and administrative, accounting fees, etc. - for 2007 were \$105,000 per month, and were lower in the second half compared with the first half. We expect that the average monthly burn for 2008 will be in the range of \$110,000-\$120,000 per month.

**Financing:** Wescan will likely require additional funding in 2008 in order to acquire the coal properties and to advance exploration activities. On the back of its acquisition of coal properties and its rising share price, Wescan may come to market sooner rather than later.

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

**Capital Structure:** The Company currently has 63 million shares issued and outstanding, and 67 million on a fully diluted basis. Its market cap is currently \$42.2 million, which is up from \$21 million when we initiated coverage in November 2007. Management and directors control approximately 2% of Wescan's outstanding shares.

**COMMENT:** *Ownership by management and directors is relatively low, but this increases to approximately 20% when the shares of Wescan held by sister company Shore Gold are considered. 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:

**Table 2. Warrants and Options**

**1. Broker Warrants\***

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Comment</u>	<u>Potential Equity</u>
181,938	\$0.40	19-Jul-08	In-the-money	\$72,775
<u>181,938</u>				<u>\$72,775</u>

**2. Options**

<u>Number</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Expiry Date</u>	<u>Comment</u>	<u>Potential Equity</u>
2,160,000	\$0.31	3.74 years	Out-of-the-money	\$669,600
500,000	\$0.50	3.58 years	Out-of-the-money	\$250,000
<u>1,350,000</u>	<u>\$0.65</u>	<u>3.33 years</u>	<u>Out-of-the-money</u>	<u>\$877,500</u>
<u>4,010,000</u>				<u>\$1,797,100</u>

**Exercisable Options**

1,075,000	\$0.32		In-the-money	\$344,000
500,000	\$0.50		In-the-money	\$250,000
<u>1,350,000</u>	<u>\$0.65</u>		<u>In-the-money</u>	<u>\$877,500</u>
<u>2,925,000</u>				<u>\$1,471,500</u>

\* At present, only broker warrants remain outstanding.

*Source: Wescan Goldfields and eResearch*

**Financial Statements:** The Company's financial statements are set out below:

**Table 3. Selected Financial Statements**

	Year Ended Dec 31			
	2005	2006	2007	2008E
<b>Statement of Income/(Loss):</b>				
Operating Income	0	0	0	0
Non-Operating Income (inc.)	95,085	201,800	199,248	75,000
General & Administrative Expense	(392,408)	(1,036,197)	(1,263,816)	(1,400,000)
Stock-based Compensation	(102,450)	(308,447)	(256,958)	(300,000)
Amortization	(24,718)	(46,223)	(68,276)	(70,000)
Other Income/(Expenses:fees)	0	0	0	0
Income Taxes Recovery/(Expense)	<u>339,000</u>	<u>613,550</u>	<u>343,000</u>	<u>300,000</u>
Net Income/(Loss)	(85,491)	(575,517)	(1,046,802)	(1,395,000)
Total Shares Outstanding (basic)	46,802,464	59,045,166	62,983,916	71,170,219
Weighted Average Shares O/S	36,813,933	49,968,075	60,840,598	67,077,068
Earnings (Loss) Per Share	(\$0.00)	(\$0.01)	(\$0.02)	(\$0.02)
<b>Statement of Cash Flow:</b>				
Net Income (Loss)	(85,491)	(575,517)	(1,046,802)	(1,395,000)
All Non-Cash Items	<u>(211,832)</u>	<u>(258,880)</u>	<u>(17,766)</u>	<u>70,000</u>
Cash Flow	(297,323)	(834,397)	(1,064,568)	(1,325,000)
Capital Expenditures (Properties)	(1,131,461)	(2,957,180)	(2,157,067)	(5,000,000)
Capital Expenditures (Other Assets)	<u>(85,217)</u>	<u>(159,552)</u>	<u>(406,394)</u>	<u>(300,000)</u>
Free Cash Flow	(1,514,001)	(3,951,129)	(3,628,029)	(6,625,000)
Working Capital Changes	113,209	(92,946)	369,007	481,060
Equity Financing (net)	5,486,130	3,036,890	1,448,023	5,500,000
Debt Financing	0	0	0	0
Change in Cash	4,085,338	(1,007,185)	(1,810,999)	(643,940)
Cash, Beginning of the Period	2,146,121	6,231,459	5,224,274	3,413,275
Cash, End of the Period	6,231,459	5,224,274	3,413,275	2,769,335
<b>As at Dec 31</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008E</b>
<b>Balance Sheet:</b>				
Cash and equivalents	6,231,459	5,224,274	3,413,275	2,769,335
Other Current Assets	137,777	109,041	113,085	100,000
Mineral Properties	1,419,206	5,754,069	7,948,522	12,948,522
Other Assets	<u>60,499</u>	<u>173,828</u>	<u>491,560</u>	<u>400,000</u>
Total Assets	<u>7,848,941</u>	<u>11,261,212</u>	<u>11,966,442</u>	<u>16,217,857</u>
Current Liabilities	276,716	155,034	528,085	500,000
Other Current Liabilities	0	402,000	25,500	200,000
Debt Obligations	0	0	0	0
Shareholders' Equity	<u>7,572,225</u>	<u>10,704,178</u>	<u>11,412,857</u>	<u>15,517,857</u>
Total Liabilities & Equity	<u>7,848,941</u>	<u>11,261,212</u>	<u>11,966,442</u>	<u>16,217,857</u>
Book Value (S.E.) Per Share	\$0.16	\$0.18	\$0.18	\$0.22

Source: Wescan Goldfields and eResearch

**COMMENT:** We have forecast total equity issuance of \$4 million in 2008 (5.0 million shares at \$0.80 per share), in addition to option and warrant conversions raising \$1.5 million. As a result of the financings, the cash position is expected to remain solid. The key variable is the price paid for coal properties and whether additional funding will be required.

## 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 valued Wescan using a Peer Comparison analysis.

### Peer Comparison - Book Value Property Ratio

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

#### **Goldsource Mines Inc.**

Goldsource is a junior exploration company that has a corporate objective to discover and develop a major kimberlite field in Saskatchewan. The recent discovery of a highly attractive coal seam and recent coal-property acquisitions have added significant value for Goldsource shareholders, and the share price has risen strongly.

#### **North American Gem Inc.**

North American Gem is a junior exploration company based in western Canada. The Company's primary goal is to explore for uranium, molybdenum, gold, copper, and other base metals in Canada. This company is actively pursuing several opportunities, the most recent being the Adamas coal discovery near Hudson Bay, Saskatchewan (close to the Goldsource discovery). Recent coal assays were highly attractive and have driven the share price sharply higher.

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

Golden Band is a junior resource company engaged in the acquisition, exploration and development of mineral resources 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. JNR Resources also has an interest in a property in central Newfoundland.

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

Claude Resources is a gold exploration and mining company. Since 1991, the company 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. Claude Resources 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. The company 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.

## Strathmore Minerals Corp.

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

**Table 4. Corporate Comparison**

		(Pro Forma) Wescan Goldfields Inc. WGF: TSX-V March-08	Goldsource Mines Inc. GXS: TSX-V March-08	North American Gem Inc. NAG: TSX-V March-08	Golden Band Resources Inc. GBN: TSX-V January-08	JNR Resources Inc. JNN: TSX-V January-08
<b>Corporate:</b>						
Share Price	1	C\$ 0.67	C\$ 9.31	C\$ 0.28	C\$ 0.33	C\$ 0.90
Shares Outstanding	3	71,090,854	17,701,681	81,696,994	121,244,464	81,895,509
Market Cap		C\$ 47,630,872	C\$ 164,802,650	C\$ 22,875,158	C\$ 40,010,673	C\$ 73,705,958
<b>Mineral Properties:</b>						
Book Value (Cost)		C\$ 9,702,851	C\$ 7,453,068	C\$ 4,643,735	C\$ 19,316,871	C\$ 16,319,737
Market Value		C\$ 39,941,258	C\$ 164,021,194	C\$ 21,646,738	C\$ 26,324,183	C\$ 58,032,980
Difference		C\$ 30,238,407	C\$ 156,568,126	C\$ 17,003,003	C\$ 7,007,312	C\$ 41,713,243
Property Ratio		4.12	22.01	4.66	1.36	3.56
			Claude Resources Inc. CRJ: TSX March-08	Shane Resources Ltd. SEI: TSX-V March-08	Purepoint Uranium Group PTU: TSX March-08	Strathmore Minerals Corp. STM: TSX-V March-08
<b>Corporate:</b>						
Share Price			C\$ 0.67	C\$ 0.27	C\$ 0.31	C\$ 1.60
Shares Outstanding (2)			62,983,916	26,240,750	73,308,035	72,458,911
Market Cap			C\$ 42,199,224	C\$ 7,085,003	C\$ 22,725,491	C\$ 115,934,258
<b>Mineral Properties:</b>						
Book Value (Cost)			C\$ 9,702,851	C\$ 763,014	C\$ 18,988,063	C\$ 22,048,400
Market Value			C\$ 39,941,258	C\$ 6,570,528	C\$ 13,321,204	C\$ 98,191,315
Difference			C\$ 30,238,407	C\$ 5,807,514	-C\$ 5,666,859	C\$ 76,142,915
Property Ratio			4.12	8.61	0.70	4.45
Average Ratio (Peers)			5.70			
Adjusted Book Value (Cost)	2	C\$ 15,247,126				
Adjusted Property Ratio		2.62				
Selected Ratio		5.70				
<b>Common Equity (Per Statements)</b>		C\$ 11,187,684				
<b>Adjusted Common Equity (Selected Ratio)</b>	2	C\$ 88,363,212				
<b>Equity Per Share (Per Statements)</b>		C\$ 0.16				
<b>Adjusted Equity Per Share (Selected Ratio)</b>	3	C\$ 1.24				

Note 1: Price per share is average of last 20 trading days.

Note 2: Mineral Properties and Shareholders' Equity are adjusted for estimated capex of \$5.0 million over the next 12 months.

Note 3: Wescan data is pro forma the expected issue of 5.0 million shares of new financing and 3.1 million shares exercise of warrants/options.

Source: Company Websites and eResearch

## Peer Comparison Analysis

The Property Ratio 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.

As shown, Wescan's current Property Ratio on its existing mineral properties is 4.12x, while its peers range from a high of 22.01x to a low of 0.70x, with the average ratio being 5.70x. The higher peer average is skewed by the high ratio enjoyed by Goldsource Mines as a result of its discovery of a high-grade, near-surface coal seam (nearby Wescan's property).

In order to estimate an intrinsic value for Wescan one year out, eResearch has estimated the book value of Wescan's Mineral Property portfolio 12 months forward by adding the anticipated capital expenditures (\$5.0 million) 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.

With its diversified mineral operations, its association with Shore Gold, and its strong managerial expertise, we believe that Wescan deserves to trade at least at the same average Property Ratio as its peers, or 5.70x. This calculation provides an intrinsic value of \$1.24 per share.

## Investment Conclusions

- Wescan's share price has moved significantly higher recently on account of its pending coal property acquisitions near the high-grade Goldsource Mines coal discovery in Saskatchewan.
- The rise in coal prices has drawn considerable interest to this commodity recently. If Wescan is successful in acquiring the intended coal properties and discovering similar-grade coal seams, then significant value creation may occur.
- The Peer Comparison analysis gives an intrinsic value of \$1.24 per share.
- Giving consideration to the foregoing, we are raising our 12-month Wescan Target Price to \$1.25 per share from \$0.60.
- Our long-term Target Price is \$3.25 (see below).
- eResearch continues to recommend the shares of Wescan as a Speculative Buy, suitable for risk-tolerant investors.

## Long-Term Target Price

Our three-year Target Price has been re-evaluated using the following assumptions:

- (a) \$10 million of exploration spending over the next three years;
- (b) Wescan "hits paydirt" on its nearby coal property to Goldsource and, as a result, trades at least at one-half, or 11.0x, of Goldsource's current Property Ratio;
- (c) Wescan maintains access to the capital markets to raise ongoing exploration funding;
- (d) The Company experiences continued drilling success, leading to either an economic gold deposit or an economic coal deposit, or both;
- (e) Wescan proceeds through development towards production; and
- (f) The Company partners with a major player, is acquired, or raises sufficient capital to develop a mine independently.

Based on an 11.0x Property Ratio, we calculate the intrinsic value for Wescan three years hence is \$3.25 per share.

## 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 the Company's ownership interest in the mineral claims, 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 mineral 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.

### **Judy Stoeterau, P.Geol. - President**

Judy Stoeterau was most recently Vice President of Exploration for Claude Resources. She received her B.Sc. Geology degree from the University of Manitoba and is a member of the Saskatchewan, Ontario and Northwest Territories/Nunavut professional geoscience associations. She has over 30 years' experience in the fields of mineral exploration and corporate management, working for both major and junior companies on gold, base metal, uranium and diamond projects in Canada and South America.

**Kirsten Marcia, P.Geo. - Vice President of Exploration**

Kirsten Marcia is a geologist with over 10 years' experience in Saskatchewan and Alberta. Prior to joining Wescan, she spent seven years with Shore Gold Inc., exploring for diamonds in Saskatchewan, and most recently was Director of Investor Relations for Vena Resources. Ms. Marcia has also explored for gold and base metals in northern Saskatchewan for Claude Resources, and for oil and gas in Saskatchewan and Alberta. She is a graduate of the University of Saskatchewan, and is a Professional Geoscientist, registered in the Province of Saskatchewan.

**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.

**Maurice (Moe) F. Lindsay - 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.

**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.

**Arnie Hillier - Director**

Arnie Hillier is former Vice Chairman and CEO of Claude Resources Inc., a Saskatchewan based gold and hydrocarbon producer. Mr. Hillier is a Chartered Accountant and spent 10 years in a senior financial capacity with Cameco Corp. before joining Claude Resources in 1991.

**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.

**Val Michasiw - Director, Executive Assistant to Kenneth MacNeill**

Val Michasiw has been on the Board of Wescan Goldfields Inc. since April 2005. She is currently the Executive 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 that she held from March 2000. She had been with Claude Resources Inc. since 1984, working in the areas of Investor Relations and Corporate Development.

## ANALYST CERTIFICATION

Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that: (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, are not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

**eResearch analysts on this report: Bob Weir, B.Sc., B. Comm, CFA.** Bob Weir has 42 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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## eResearch Recommendation System

<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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## eResearch Risk Rating System

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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