

WESCAN GOLDFIELDS INC.



2004 Annual Report



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Message to Shareholders

It is with excitement and great pleasure that we present the Company's first Annual Report. Wescan Goldfields Inc. was created in 2004 to develop the gold property portfolio of Shore Gold Inc. and to provide a platform for the Shore management and operating team to repeat in the gold business the success enjoyed in the diamond business.

A prospective portfolio of gold properties was transferred from Shore to Wescan in exchange for 12,000,000 shares of Wescan. As part of Wescan's Initial Public Offering, approximately 3,500,000 of those shares were distributed directly to Shore shareholders by way of a dividend-in-kind. Shore maintains a position of approximately 8,500,000 Wescan shares. This transaction ensured that the Shore shareholders received both direct and indirect participation in the development of the gold assets.

It is Wescan's goal to become a junior gold producer over the next three years. Accordingly, we look to apply our entrepreneurial operating skills to acquiring and developing projects that can be exploited over the near term.

The current portfolio of properties is an attractive initial foundation for this plan. The properties are located in the La Ronge gold belt in northern Saskatchewan and are favoured with good access and infrastructure. The district saw intense exploration activity in the mid 1980's, culminating in three producing mines into the early 1990's. The deposits mined all contained gold grades over 0.40 oz. per ton and resulted in profitable ore bodies.

At the time of writing this report, drill crews are being mobilized on two of the properties in which Wescan has an interest. The Company will drill test the 100% owned Jasper deposit, which was mined by Cameco Corp. during 1990 to 1991. The deposit produced 155,000 tons at a grade of 0.54 oz. per ton gold. The drill program will test extensions of zones previously mined. In addition, a confirmation drill program will be undertaken on the Jojay property, in which Wescan holds a 25% joint venture interest with Claude Resources Inc. holding a 75% interest. Wescan will operate this program, which will confirm known gold mineralization and attempt to expand the limits of the Jojay deposit.

In March of this year the Company acquired a 50% working interest in seven prospecting permits in the Athabasca uranium district in northern Saskatchewan. These permits were selected based on regional geology and geophysics and proximity to known uranium mineralization. A thorough review of historic assessment filing is currently underway. Airborne geophysics are planned following the completion of the data review.



The Company is actively reviewing several project submissions and other exploration and development ideas. Subsequent to Wescan's Initial Public Offering, the Company raised additional funding by way of a unit offering and a flow-through offering in mid December and a further unit offering in mid February of this year. This financing activity ensures that Wescan's exploration activities are fully funded and that the Company has funds available for acquisition opportunities.

The remainder of the year should be an exciting time of intense exploration activity. We look forward to developing our existing assets, acquiring appropriate new assets and building value for our shareholders.



Kenneth E. MacNeill
Chairman & Chief Executive Officer



George W. Sanders
President

Properties

Fork Lake (Jasper Mine) 100%

The Fork Lake project area lies within the La Ronge domain and consists of Precambrian sedimentary and volcanic formations that have been intruded by ultramafic to granitic rocks. Massive sulphides and/or iron formations generally occur at the felsic volcanic/sediment interface. Gold mineralization is hosted by iron formations, quartz veins and quartz filled shear zones and tension type structures.

The Jasper Pond Deposit was delineated and went into production in June 1990. The deposit consisted of pyrite-gold bearing quartz hosted by a northeast trending system of shears known as the Jasper South Structure, which has been traced over a strike length of 1,500 metres across widths ranging from 2.5 to 3.5 metres. The steeply dipping deposit was worked over a strike length of 370 metres and to a vertical depth of 190 metres in four northeast plunging ore shoots over widths of up to a few metres. Mine production was 155,000 tons at 0.54 oz. per ton gold.

Jojay 25% Joint Venture Interest

The Jojay Lake project area straddles the north-northeast-erly trending contact between a sequence of interbedded mafic to felsic volcanic rocks and sedimentary rocks. These are intruded by gabbro/diorite intrusions, porphyry and mafic dykes. A shear zone known as the Jojay Structural Zone extends the entire length of the property along the sediment-volcanic contact. A second shear, the Parallel Structural Zone, occurs 250 metres east of the Jojay Zone. 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.

Previous exploration dating back to the 1960's was conducted by Comino Ltd., SMDC (the predecessor company to Cameco Corp.), and Claude Resources Inc. A preliminary economic analysis conducted by Kilborn Engineering in 1987 assumed an inferred reserve of 750,000 tons of 0.24 oz./ton gold. A probable mineable reserve of 313,174 tons of 0.26 oz./ton gold was estimated which met the criteria of National Policy 2A. None of these former calculations are compliant with National Instrument 43-101 regulations. Wescan will not rely on the former calculations except as a guide to indicate that a significant gold deposit could be developed at Jojay.



Munro Lake 51% Joint Venture Interest

Wescan owns a 51% operating joint venture interest in the Munro Lake property. Munro Lake is 80 kilometres northeast of La Ronge, Saskatchewan and approximately 7 kilometres northeast of the Seabee Mine, Saskatchewan's biggest gold producer. 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.

The property has been intermittently explored since the mid 1950's. Limited trenching and minor drilling has tested known copper gold mineralization on surface. Available satellite imagery indicates that known gold mineralization lies on the continuation of the shear that hosts the Seabee Gold Mine.



Management's Discussion & Analysis

for the year ending December 31, 2004

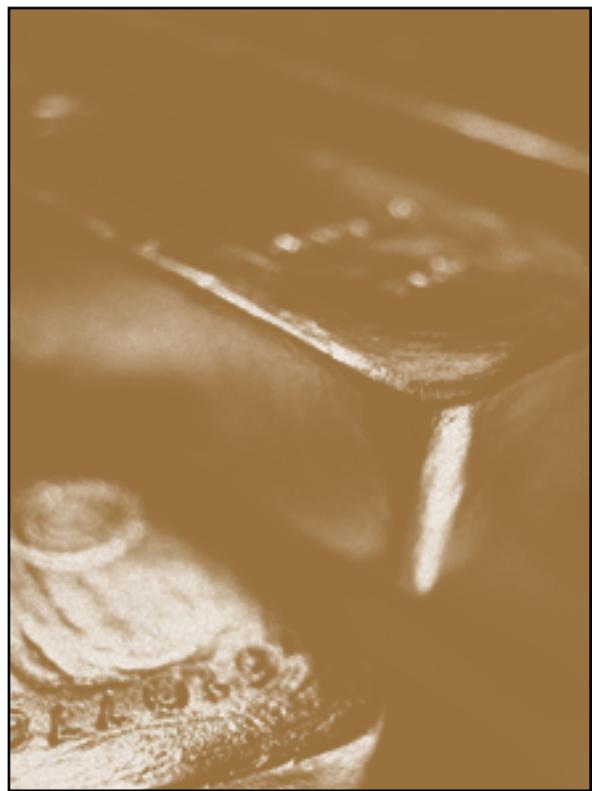
(as at April 4, 2005)

Overview

Wescan Goldfields Inc. ("Wescan") was originally incorporated as Shore Resources Inc. on January 17, 2003 and Articles of Amendment dated April 2, 2004 changed its name to Wescan Goldfields Inc. Wescan was formed by its former parent company – Shore Gold Inc. ("Shore") to provide Shore's shareholders with a more direct means of realizing the potential of Shore's gold property holdings. This was accomplished by agreement dated May 31, 2004, when Shore transferred its gold property holdings to Wescan in exchange for 12,000,000 shares in Wescan. Shore in turn distributed 3,529,995 of these shares to its shareholders of record dated September 10, 2004. Shore has also retained the balance of the shares received for its properties to further enhance its shareholders value.

Having now acquired a portfolio of precious metals properties worthy of exploration pursuits, the next stage of development for Wescan was to become a publicly traded company. This was accomplished when Wescan closed its Initial Public Offering ("IPO") on October 7, 2004. The IPO resulted in the issuance of an additional 14,000,000 shares for gross proceeds of \$1,400,000 that will be used for exploration activities as well as for general working capital purposes. The shares of Wescan began trading on the TSX – Venture Exchange under the trading symbol WGF on October 15, 2004.

As previously mentioned, Wescan's mandate is to take advantage of improved precious metal prices through the exploration and eventual development of its newly acquired gold property holdings as well as pursuing any other opportunities suitable for an aggressive junior development stage enterprise. In order to further this objective, the Company undertook a private placement financing towards the end of 2004 to further complement its cash position to insure that cash reserves would be sufficient to pursue opportunities as they present themselves. This private placement consisted of 2,394,000 units at a price of \$0.25 per unit for gross proceeds of \$598,500 and 2,680,393 Flow-Through shares at a price of \$0.30 per share for gross proceeds of \$804,118. The units included a half warrant. Each whole warrant entitled the holder to acquire an additional share of Wescan upon payment of \$0.30 for a period of 12 months following closing. A further private placement of units was completed in February 2005 when 3,250,000 units were issued at a price of \$0.27 per unit for gross proceeds of \$877,500. Each of these units included a half warrant and each whole warrant entitled the holder to acquire an additional share of Wescan for a period of 12 months from closing upon payment of \$0.32 per share. As at the date hereof, Wescan has 34,324,493 common shares issued and outstanding, and 38,488,676 fully diluted.



Wescan's brief history has led to it being well positioned at December 31, 2004 with working capital of \$2,120,391, several precious metals properties, no long-term debt and a knowledgeable group of individuals in management positions as well as on the board of directors. In addition, at present, crews have been mobilized to drill test the ore producing structures at the Jasper Mine on the Company's 100% owned Fork Lake property. Weather permitting, upon completion of drilling on the Fork Lake property, the crews will move to the Jojay project to perform additional drilling activities. Wescan holds a 25% joint venture ownership in the Jojay property.

On March 2, 2005, Wescan acquired a 50% working interest in 7 prospecting permits in northern Saskatchewan. These properties are situated in and around the Athabasca Basin and cover a range of geologic settings normally prospective for uranium mineralization.

Highlights

Selected financial information of the Company by year since incorporation (January 17, 2003) follows. Financial information for 2003 as well as the first three quarters of 2004 has been extracted from the consolidated financial statements of the Company's then parent company – Shore Gold Inc. Specifically:

	2004 \$	2003 \$
Revenues (1)	7,629	0
Net loss (2)	228,400	108,153
Net loss per share	0.02	1,081.53
Total assets (3)	2,445,633	535
Working capital (4)	2,120,391	(108,153)

(1) The Company's revenues come exclusively from interest earned on cash reserves. The increase in revenue is related to new equity offerings during 2004; the proceeds of which have been invested in short-term instruments intended to maximize return while being readily available for ongoing costs of operation and general working capital purposes.

(2) The increase in loss from 2003 to 2004 is, in part, due to the fact that the Company was incorporated on January 17, 2003. Administration costs also increased as a result of assigning a fair value to stock options granted during the year as well as increased travel costs associated with financings completed during 2004.

(3) The increase in total assets from 2003 to 2004 is the result of acquisition and additions to mineral properties during 2004 totaling \$287,745 (2003 - \$0) as well as cash, cash-in-trust and short-term investments of \$2,146,121 (2003 - \$0) from the issuance of common shares as part of the Company's Initial Public Offering and subsequent private placement.

(4) The increase in working capital is the result of the successful marketing of the Company's Initial Public Offering and private placement during 2004.

Selected financial information of the Company for the last 8 fiscal quarters is unavailable, as the Company did not become a reporting issuer until into the final quarter of 2004. Prior thereto, the Company was a wholly owned subsidiary of Shore Gold Inc. and its results of operations formed part of Shore's financial information for the relevant quarters.

Management's Discussion & Analysis (continued)

Financial

The Company does not currently operate any producing properties and; as such, is dependent upon the issuance of new equity to finance its ongoing obligations and advance its exploration properties. Fiscal 2004 has proven to be highly successful in this regard allowing the Company to successfully market its Initial Public Offering as well as an additional private placement resulting in sufficient cash reserves to continue with future stages of development. The Initial Public Offering together with the subsequent private placement generated gross proceeds of \$2,802,618.

Revenues

The Company generated modest revenues during 2004 from the investment of proceeds from the issuance of common shares associated with the Initial Public Offering in October 2004 and a subsequent private placement in December 2004. The Company is considered a "Development Stage Entity" as it does not currently have any producing properties and as such, no future revenues are anticipated other than interest until such time as the Company is able to develop a property to the production phase.

Expenditures

Expenditures during 2004 totaled \$236,029 as compared to \$108,153 for the period from January 17, 2003 (date of incorporation) to December 31, 2003. The principle increases are related to the Black-Scholes calculation of the fair value of stock options granted in late 2004 that resulted in the addition of \$59,290 to expenditures as well as increased travel costs incurred in 2004 primarily associated with the successful financings described earlier. Professional fees increased from \$31,813 for 2003 to \$40,125 for 2004, or 26%. This was primarily due to increased legal fees associated with the Company's listing on the TSX – Venture Exchange in late 2004.

Liquidity & Financial Resources

The Company successfully completed two equity financings during 2004 contributing to its working capital position as at December 31, 2004 being \$2,120,391. This working capital position will comfortably allow the Company to pursue more immediate exploration programs as well as to fund general working capital requirements. The continuation of funding any current as well as future exploration programs and general working capital requirements will be contingent on successful future equity financings. Although the Company does not currently envision being unable to meet current



and future funding requirements, there can be no assurance that additional funding will be available to the Company for further exploration and development of its projects. 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 such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. During February 2005, the Company successfully completed an additional private placement of 3,250,000 units at \$0.27 per unit for gross proceeds of \$877,500. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share in the capital of Wescan for a period of 12 months from closing at a price of \$0.32 per share.

Transactions with Related Parties

During 2004, the Company acquired mineral property interests in three gold properties valued at \$271,063 from its then parent company, Shore Gold Inc. in exchange for 12,000,000 common shares of Wescan. During 2004 and 2003, Shore Gold Inc. provided management services and use of office space to the Company for no charge.

During the year management and consulting fees of \$143,510 (2003 - \$67,500) were paid to directors, officers and companies controlled by common directors. \$95,000 (2003 - \$67,500) of these fees was included as consulting fees; \$48,510 (2003 - \$0) of the fair value of stock options was included as administration. Also during the year, the Company repaid amounts advanced to it by its then parent company, Shore Gold Inc. in the amount of \$404,839 (2003 - \$0). As at December 31, 2004, Shore Gold Inc. holds 8,470,105 common shares of the Company representing a 27.3% interest in the Company.

Outlook

The primary focus during 2005 will be to commence specific exploration programs on the Company's existing property portfolio as well as on carrying out due diligence exercises on other potential property positions to further enhance the Company's existing property portfolio with a view to becoming a junior producing company in the near future.

Caution regarding Forward-looking Information

Some of the statements contained in this report are forward-looking statements, such as estimates that describe the Company's future plans, objectives or goals. This includes words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events or conditions, by their very nature they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Further information relating to the Company has been filed on SEDAR and may be viewed at www.sedar.com.

Management's Responsibility for Financial Statements

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

Management in conformity with Canadian generally accepted accounting principles has prepared the financial statements. The financial statements include some amounts that are based on best estimates and judgments. Financial information used elsewhere in the annual report is consistent with that in the financial statements.

The management of the Company, in furtherance of the integrity and objectivity of data in the 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 financial statements and that assets are properly accounted for and safeguarded. The internal accounting control process includes management's communication to employees of policies that govern ethical business conduct.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its audit committee, consisting entirely of outside directors. The audit committee reviews the Company's annual financial statements and recommends 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 financial statements and their independent professional opinion on the fairness of the consolidated financial statements is attached.



Harvey J. Bay, CMA
Chief Financial Officer
Saskatoon, Canada
February 28, 2005

Auditors' Report

We have audited the financial statements of Wescan Goldfields Inc. as at December 31, 2004 and 2003 and the statements of loss and deficit and cash flows for the year ended December 31, 2004 and for the period from Incorporation dated January 17, 2003 to December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the year ended December 31, 2004 and for the period from Incorporation dated January 17, 2003 to December 31, 2003 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Saskatoon, Canada

February 28, 2005

(except as to note 9 which is at March 2, 2005)

Balance Sheets

	December 31	
	2004	2003
Assets		
Current assets:		
Cash	\$31,873	\$ -
Cash-in-trust	209,200	-
Short-term investments	1,905,048	-
Receivables	11,767	535
	<hr/>	<hr/>
	2,157,888	535
Mineral properties (notes 2 & 3)	287,745	-
	<hr/>	<hr/>
	\$2,445,633	\$535
Liabilities & Shareholders Equity (Deficiency)		
Current liabilities:		
Payables and accrued liabilities (note 4)	\$37,497	\$108,688
Shareholders equity (deficiency):		
Share capital (note 5)	2,685,399	-
Contributed surplus	59,290	-
Deficit	(336,553)	(108,153)
	<hr/>	<hr/>
	2,408,136	(108,153)
Commitments (note 7)		
Subsequent events (note 9)		
	<hr/>	<hr/>
	\$2,445,633	\$535

See accompanying notes to financial statements.

On behalf of the Board:



Kenneth E. MacNeill
Chairman & Chief Executive Officer



Harvey J. Bay
Chief Financial Officer

Statements of Loss and Deficit

	Periods Ended December 31	
	2004	2003
Income		
Interest	\$7,629	\$ -
Expenses		
Administration	92,361	8,840
Consulting fees	103,543	67,500
Professional fees	40,125	31,813
	236,029	108,153
Net loss	(228,400)	(108,153)
Deficit, beginning of year	(108,153)	-
Deficit, end of year	\$(336,553)	\$(108,153)
Net loss per share		
Basic and diluted	(\$0.02)	(\$1,081.53)
Weighted average number of shares outstanding	10,471,650	100

Statements of Cash Flows

	Periods Ended December 31	
	2004	2003
Cash provided by (used in):		
Operations:		
Net loss	\$(228,400)	\$(108,153)
Non cash item:		
Fair value of stock options granted	59,290	-
Net change in non-cash operating working capital items:		
Receivables	(11,232)	(535)
Payables and accrued liabilities	(71,191)	108,688
	(251,533)	-
Investing:		
Additions to mineral properties	(16,682)	-
Financing:		
Issue of common shares (net of issue costs)	2,414,336	-
Increase (decrease) in cash position	2,146,121	-
Cash position, beginning of year	-	-
Cash position, end of year	\$2,146,121	\$ -
Cash position consists of:		
Cash	\$31,873	\$ -
Cash-in-trust	209,200	-
Short-term investments	1,905,048	-
	\$2,146,121	\$ -

WESCAN GOLDFIELDS INC.

(A Development Stage Entity)

1. Wescan Goldfields Inc.

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

2. Significant Accounting Policies

These 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. Actual recovered amounts could differ from those estimates.

A summary of significant accounting policies is as follows:

Cash

Cash includes cash, cash-in-trust and short-term investments that, on acquisition, have a term to maturity of three months or less. Cash-in-trust includes amounts in trust with transfer agents or legal firms where there are no restrictions on its use. Short-term investments consist of deposits in money market funds. Cash position consists of cash and cash equivalents less bank indebtedness as it relates to an excess of outstanding cheques over cash on deposit.

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, the related accumulated costs are amortized against future income of the project using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that are allowed to lapse, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves; the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains 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 are granted on mineral properties 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.

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 bases. Future income tax assets and liabilities are measured using enacted and substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are to be recovered or settled.

Flow-through Shares

The Company finances a portion of its exploration activities through the use of flow-through shares. The Company records the tax cost of expenditures renounced to subscribers on the date the deductions are renounced to the subscribers. Share capital is reduced and future income tax liabilities are increased by the estimated income tax benefits renounced by the Company to the subscribers, except to the extent that the Company has unrecorded loss carryforwards and tax pools in excess of book value available for deduction.

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 treasury-stock method, which assumes that any proceeds received on 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.

Stock-based Compensation

The Company has a share option plan that is described in note 5 (h). The Company has adopted CICA Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments". Section 3870 requires that when stock options or other stock-based compensation awards ("Incentives") are granted, a fair value be calculated and assigned to these Incentives and the calculated value be recognized in the financial statements in the period the Incentives vest with the recipient. This effectively requires companies to expense the fair value of stock-based compensation as options are granted and vesting occurs. No subsequent recovery of these expensed amounts is recognized if previously expensed stock-based compensation Incentives expire unexercised.

The fair value of stock-based compensation awards are recorded as contributed surplus at the time of the award. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

3. Mineral Properties

	Fork/Jasper/ Tamar	Munro	JoJay	Total
Balance, December 31, 2003	\$0	\$0	\$0	\$0
Expenditures during 2004				
Acquisition	201,501	69,561	1	271,063
Consulting	3,230	-	-	3,230
Travel	-	-	13,452	13,452
Balance, December 31, 2004	\$204,731	\$69,561	\$13,453	\$287,745

a) Fork/Jasper/Tamar

The Company holds a 100% interest in the Fork/Jasper/Tamar property, consisting of 8 mineral dispositions covering 6,505 hectares located approximately 115 kilometers northeast of La Ronge, Saskatchewan. During the year, the Company acquired this property from its then parent company, Shore Gold Inc.

b) Munro

The Company holds a 51% interest in the Munro property, consisting of 1 mineral disposition covering 2,480 hectares located approximately 128 kilometers northeast of La Ronge, Saskatchewan. During the year, the Company acquired this property interest from its then parent company, Shore Gold Inc.

c) Jojay

The Company holds a 25% interest in the Jojay property, consisting of 11 mineral dispositions covering 198 hectares located approximately 150 kilometers northeast of La Ronge, Saskatchewan. During the year, the Company acquired this property interest from its then parent company, Shore Gold Inc.

4. Payables and Accrued Liabilities

As at December 31, 2004 payables and accrued liabilities in the amount of \$37,497 represent trade payables. As at December 31, 2003 payables and accrued liabilities in the amount of \$108,688 represented amounts owing to Shore Gold Inc., the Company's then parent company.

5. Share Capital

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 pro rated and when declared by the Board of Directors; to one vote per share at meetings of the shareholders of Wescan Goldfields Inc. and, upon dissolution or any other distribution of assets, to receive pro rated such assets of the Company as are distributable to the holders of the common shares.

Issued and outstanding

	2004			2003		
	Common Share	Warrants	Amount	Common Shares	Warrants	Amount
Balance, Beginning of year	100	0	\$0	0	0	\$0
Common shares issued (a)				100	-	-
Common shares issued (b)	12,000,000	-	271,063			
Common shares issued (c)	14,000,000	-	1,400,000			
Common shares issued (d)	2,394,000	1,197,000	598,500			
Flow-through shares issued (e)	2,680,393	-	804,118			
Issue costs			(388,282)			
Balance, End of year	31,074,493	1,197,000	\$2,685,399	100	0	\$0

(a) Common shares

On incorporation Wescan issued 100 common shares to Shore Gold Inc. for total consideration of \$0.10.

(b) Common shares

Pursuant to a transfer agreement Wescan issued 12,000,000 common shares to Shore Gold Inc. in exchange for certain property interests then held by Shore Gold Inc. (see note 3).

(c) Common shares

The Company issued 14,000,000 shares by way of an Initial Public Offering ("IPO") for gross proceeds of \$1,400,000. The IPO closed on October 7, 2004.

(d) Common shares

The Company issued 2,394,000 units for gross proceeds of \$598,500. Each unit consisted of one common share in the capital of the Company 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 for a period of 12 months from the closing date.

(e) Flow-through shares

The Company issued 2,680,393 units for gross proceeds of \$804,118. The shares issued requires that the Company make certain qualifying expenditures for tax purposes on behalf of investors on or before December 31, 2005; the deduction of which flows through to the shareholder.

(f) Warrants

On certain issues of common shares, the Company has attached warrants to the common shares entitling the holder to acquire additional common shares of the Company. Each whole warrant is exercisable into one common share for a period of 12 months from the closing date at a price of \$0.30. The number of warrants outstanding at December 31, 2004 was 1,197,000 expiring December 16, 2005, the exercise of which would result in the issuance of an additional 1,197,000 common shares. There were no warrants exercised during the year.

(g) Broker warrants

On certain issues of common shares, the Company granted 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 at a price of \$0.30. The number of outstanding broker warrants at December 31, 2004 is 242,183 with an expiry date of December 16, 2005. The exercise of the broker warrants would result in the issue of an additional 242,183 common shares of the Company.

(h) Share option plan

The Company has established a share option plan whereby options may be granted to directors, officers and key 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 market price (on the date of grant) of the common shares on the stock exchange on which the shares are traded. Options granted vest immediately and expire 5 years from the date of grant of the option. As at December 31, 2004, 1,100,000 options are outstanding exercisable at a price of \$0.30 per common share. The fair value of the options granted during the year has been calculated to be \$59,290. The fair value calculated has been expensed with a corresponding increase to contributed surplus. The fair value of the stock options issued during the year was determined using the Black-Scholes option-pricing model with the following assumptions: risk-free rate of 3.96%; dividend yield of 0.0%; a volatility factor of 21.7%; option life of 5 years. The fair value of these options was determined to be .0539 per share.

(i) Loss per Share

Basic loss per common share is computed by dividing net loss applicable to common shares by the weighted average number of common shares issued and outstanding for the relevant period. Diluted loss per common share is computed by dividing net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued. The calculation of loss per share amounts is based on the following:

	2004	2003
Numerator:		
Loss applicable to common shares	\$228,400	\$108,153
Denominator:		
Weighted average common shares outstanding	10,471,650	100
Basic and diluted loss per common share	\$0.02	\$1,081.53

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

6. Related Party Transactions

As described in note 3, during 2004, the Company acquired its mineral property interest in three gold properties from its then parent company, Shore Gold Inc., for non-cash consideration of \$271,063, the carrying value of the properties in Shore Gold Inc. In exchange for the gold properties, the Company issued 12,000,000 common shares.

During 2004 and 2003 Shore Gold Inc. provided management services and use of office space to the Company for no charge.

During the year management and consulting fees of \$143,510 (2003 - \$67,500) were paid to directors, officers and companies controlled by common directors. \$95,000 (2003 - \$67,500) of these fees was included as consulting fees and \$48,510 (2003 - \$0) of the fair value of stock options was included as administration. During the year the Company repaid amounts advanced to it by its parent company – Shore Gold Inc. in the amount of \$404,839 (2003 - \$0). As at December 31, 2004, Shore Gold Inc. holds 8,470,105 common shares of the Company representing a 27.3% interest in the Company.

The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Income Taxes

The significant components of future income tax assets and liabilities at December 31, 2004 and 2003 are as follows:

	2004	2003
Future income tax assets		
Non-capital loss carry forwards	\$139,000	\$49,000
Share issue costs	121,000	-
Future income tax assets before valuation allowance	260,000	49,000
Valuation allowance	(260,000)	(49,000)
Mineral properties	-	-
Future income tax liabilities	\$ 0	\$ 0

As at December 31, 2004, the Company has operating losses for income tax purposes approximating \$354,000 that are available to reduce taxes in future years and expire over the period to the year 2012.

To satisfy its commitments pursuant to the issuance of flow-through shares, the Company is required to incur and renounce \$804,118 of qualifying exploration expenditures for tax purposes on or before December 31, 2005.

8. Financial Instruments

Financial instruments are initially recorded at cost. The fair values of cash, cash-in-trust, short-term investments, receivables and payables and accrued liabilities approximate their recorded amounts due to their short-term nature.

9. Subsequent Events

On February 23, 2005 the Company issued 3,250,000 units for gross proceeds of \$877,500. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.32 for a period of 12 months from the closing date.

On March 2, 2005 the Company acquired a 50% working interest in certain mineral dispositions covering 139,000 hectares situated in the Athabasca Basin of northern Saskatchewan. The Athabasca Basin covers a range of geological settings normally prospective for uranium mineralization.

Directors and Officers

Kenneth E. MacNeill Chairman, Chief Executive Officer and Director

George W. Sanders President and Director

Harvey J. Bay Chief Financial Officer and Director

Arnold E. Hillier* Director

Michael S. Carr* Director

Leonard W. Saleken* Director

* Audit Committee Member

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