

WESCAN GOLDFIELDS INC.

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2<sup>nd</sup> Quarter Report  
2004

**WESCAN GOLDFIELDS INC.**  
**Unaudited Interim Financial Statements**

**For the Six Month Period Ended**  
**June 30, 2004**

**Notice to Reader**

Management has compiled the unaudited interim financial statements of Wescan Goldfields Inc. for the six-month period ended June 30, 2004. These statements have not been reviewed by the Corporation's external auditors.

## MANAGEMENT DISCUSSION

### Second Quarter Report For The Six Months Ended June 30, 2004

#### Overview

Since its incorporation, the sole business of the Corporation has been mineral exploration. The Corporation has not conducted any exploration activities to date. The Corporation became a Reporting Issuer on August 30, 2004 with receipt of filing of a final prospectus for an Initial Public Offering. General and administrative expenses have been modest, befitting a company with no meaningful income and whose continued existence is dependent on raising equity capital to finance its speculative exploration activities.

#### Highlights

	Six Months Ended June 30, 2004	Twelve Months Ended December 31, 2003
Revenue (\$)	0	0
Net loss (\$)	(137,714)	(108,153)
Loss per share (\$)	(\$1,347.14)	(\$1,081.53)
Cash from operations (\$)	(134,714)	(108,688)
Working capital (\$)	(242,867)	(108,153)

#### Financial

As at June 30, 2004, the Corporation had no long-term debt and had a working capital deficit of \$242,867. The deficit was \$108,153 as at December 31, 2003 and \$151,433 as at March 31, 2004. There was no long-term debt for those periods. The increase in deficit results from increased consulting and professional fees incurred in preparing the prospectus for the initial public offering.

#### Revenue

Currently the Corporation has no revenue from any source.

#### Expenditures

Expenses for the period were \$134,714. Consulting and professional fees related to the preparation of the prospectus accounted for the majority of expenditures. Expenses for the year ended December 31, 2003 were \$108,153, comprised of professional and consulting fees. The increase for this reporting period reflects increased administrative and professional activity with prospectus preparation.

## **Liquidity and Financial Resources**

Successful completion of the offering will yield gross proceeds of \$1,400,000 and the Corporation expects to receive approximately \$1,250,000 after commissions and expenses. While the Corporation believes the Offering will be successfully completed, there is no guarantee of success. The Use of Proceeds outlined in the prospectus provides for unallocated working capital for a period of one year. Working capital requirements beyond one year will have to be realized through additional equity offerings. There is no guarantee that additional equity offerings can be completed.

On May 31, 2004, the Corporation and Shore Gold Inc. entered into a transfer agreement whereby Shore agreed to transfer its portfolio of gold property assets to the Corporation in exchange for 12,000,000 common shares of the Corporation. On August 30, the prospectus for an Initial Public Offering was approved. The offering comprises 14,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$1,400,000. The offering is expected to close on or about September 24, 2004.

## **Outlook**

A majority of funds from the Initial Public Offering will be committed to exploration expenditures on the Corporation's Fork Lake/Transom/Tamar gold property according to a program and budget recommended by the Corporation's consulting geologist, A. C. A. Howe International Limited. There are currently no funds available for additional drilling or other follow up exploration that may be warranted. There are currently no funds available and no plans to immediately explore on the Jojay or Munro Lake Joint Ventures. The Corporation will be required to complete additional equity offerings to realize sufficient funds for additional exploration on any of these properties.

## **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 and 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 may be viewed at [www.sedar.com](http://www.sedar.com).

**Wescan Goldfields Inc.**  
**Balance Sheets**

	As at	
	June 30, 2004	December 31, 2003
	(unaudited)	
<b>Assets</b>		
Current assets:		
Receivables	\$ 0	\$ 535
	0	0
Mineral properties (note 5)	271,063	0
	\$ 271,063	\$ 535
<b>Liabilities &amp; Shareholders' Equity (Deficiency)</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 2)	242,867	108,688
Shareholders equity (deficiency):		
Share capital (notes 3 & 5)	271,063	0
Deficit	(242,867)	(108,153)
	28,196	(108,153)
	\$ 271,063	\$ 535

**Wescan Goldfields Inc.**  
**Statement of Loss**

	Period Ended	
	June 30, 2004	December 31, 2003
	(unaudited)	
<b>Expenses</b>		
Administration	\$ 9,690	\$ 8,840
Consulting fees	45,000	67,500
Professional fees	<u>80,024</u>	<u>31,813</u>
<b>Net loss</b>	134,714	108,153
<b>Deficit, beginning of period</b>	<u>108,153</u>	<u>0</u>
<b>Deficit, end of period</b>	<u>\$ 242,867</u>	<u>\$ 108,153</u>

**Wescan Goldfields Inc.**  
**Statement of Cash Flows**

	Period Ended	
	June 30, 2004	December 31, 2003
	(unaudited)	
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Net loss	(\$ 134,714)	(\$ 108,153)
Net change in non-cash operating working capital items:		
Receivables	535	(535)
Payables and accrued liabilities	134,179	108,688
<b>Increase (decrease) in cash position</b>	0	0
<b>Cash position, beginning of period</b>	0	0
<b>Cash position, end of period</b>	\$ 0	\$ 0

## **Wescan Goldfields Inc.**

### **Notes to Financial Statements**

Periods ended June 30, 2004 and December 31, 2003

#### **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"). To June 30, 2004 the company has had no active operations.

Wescan is a wholly owned subsidiary of Shore Gold Inc. ("Shore").

#### **2. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities as at December 31, 2003 and June 30, 2004 represent amounts owing to Shore, its parent company.

#### **3. Share Capital**

By incorporation documents dated January 17, 2003, Wescan issued 100 common shares of Wescan to Shore for total consideration of \$0.10. Pursuant to a transfer agreement dated May 31, 2004, Wescan issued a further 12,000,000 common shares of Wescan to Shore in exchange for gold properties (see note 5).

#### **4. Income Taxes**

As at June 30, 2004, the Company has approximately \$243,000 of operating losses available for carry forward to reduce future taxable income. The benefit of these losses has not been recognized in these financial statements.

#### **5. Acquisition of Mineral Properties and Subsequent Event**

On May 31, 2004, Shore and Wescan entered into a transfer agreement whereby Shore agreed to transfer its portfolio of gold property assets, with an assigned value of \$271,063 being the carrying value of the properties in Shore before the transfer, in exchange for 12,000,000 common shares of Wescan.

On August 30, 2004 Wescan filed a prospectus with the securities commission of various provinces for the issuance of 14,000,000 common shares at a price of \$0.10 per common share.



# **WESCAN GOLDFIELDS INC.**

## **CORPORATE INFORMATION**

### **Head Office**

300, 224 – 4th Ave. S.  
Saskatoon, Saskatchewan  
Canada S7K 5M5  
Tel: (306) 664-2202  
Fax: (306) 664-7181

### **Directors**

George W. Sanders  
Kenneth E. MacNeill  
Harvey J. Bay  
Arnie Hillier  
Len Saleken  
Michael S. Carr

### **Officers**

George W. Sanders – President  
Kenneth E. MacNeill – Chairman, C.E.O.  
Harvey J. Bay – C.F.O.  
Garnet Schulhauser - Corporate Secretary

### **Solicitors**

Bennett Jones LLP  
Calgary, Alberta

### **Auditors**

KPMG, LLP  
Saskatoon, Saskatchewan

### **Bank**

Canadian Western Bank  
Saskatoon, Saskatchewan

### **Exchange Listing**

TSX Venture Exchange  
12,000,100 common shares issued and outstanding

### **Trading Symbol:**

WGF