

WESCAN GOLDFIELDS INC.

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3<sup>rd</sup> Quarter Report  
2004

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

**For the Nine Month Period Ended  
September 30, 2004**

**Notice to Reader**

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

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Third Quarter Report**  
**For The Nine Months Ended September 30, 2004**

**Overview**

Wescan, a Canadian junior resource company, experienced a wealth of activity during the quarter in that it received conditional listing approval by the TSX – Venture Exchange in early September. The listing was conditional upon the closing of Wescan's Initial Public Offering ("IPO") that closed on October 5, 2004. The Company's IPO raised gross proceeds of \$1,400,000 from the issuance of 14,000,000 common shares. Subsequent to the closing of the IPO, a total of 26,000,100 common shares were issued and outstanding of which 8,470,105 are held by Shore Gold Inc. – Wescan's former parent company. The shares held by Shore Gold Inc. are in escrow and are scheduled for release over the next 36 months.

Shares of Wescan began trading on the TSX – Venture Exchange under the trading symbol WGF on October 15, 2004.

With the organizational matters of the Company concluded, management will now shift focus to its long-term mandate namely the acquisition, exploration and development of precious metal properties. Exploration plans are currently being reviewed relative to the Company's existing property portfolio (including the Jojay, Munro and Fork Lakes/Tamar properties) and expectations are that programs will commence during the first quarter of 2005.

**Highlights**

	<b>Nine Months Ended September 30, 2004</b>	<b>Twelve Months Ended December 31, 2003</b>
	<b>\$</b>	<b>\$</b>
Revenue	0	0
Net income (loss)	(85,487)	(108,153)
Income (loss) per share	(0.02)	(1,081.53)
Cash from operations	(85,487)	(29,504)
Working capital	(193,640)	(49,032)

**Financial**

Wescan reported a net loss for the nine months ending September 30, 2004 of \$85,487 compared to a net loss of \$108,153 for the twelve-month period ended December 31, 2003. Total expenditures for the nine-month period are \$49,227 less than the \$134,714 reported for the six-month period ended June 30, 2004; the result of a reclassification of professional fees formerly recorded as operating costs and reclassified as deferred share issue costs in September which will be offset against the proceeds of the IPO financing that closed in October 2004.

**Revenues**

The Company does not currently generate any revenue. With the successful marketing of its IPO, the Company will generate modest interest revenues subsequent to the current quarter however it is

expected that cash reserves will diminish throughout the remainder of 2004 and 2005 as exploration targets are finalized and programs are undertaken.

### **Expenditures**

During the quarter ended September 30, 2004, the Company reclassified certain costs associated with the IPO as deferred share issue costs that had previously been reported as operating costs. Subsequent to this reclassification, total expenditures for the nine-month period amounted to \$85,487 as compared to \$108,153 for all of 2003. Assuming similar expenditures for the fourth quarter of 2004, Wescan should experience comparable annualized costs for 2004 when compared to 2003.

### **Liquidity & Financial Resources**

Cash required for operations prior to receiving proceeds from the IPO that closed in October 2004 had been advanced by Shore Gold Inc. – Wescan's parent company. As such, as at September 30, 2004, Wescan is indebted to Shore Gold Inc. for approximately \$396,000.

With the successful marketing of the Company's IPO, gross proceeds of \$1,400,000 were received by the Company in October 2004. The intended use of these proceeds include general working capital as well as funding certain exploration programs expected to commence within the next several months. It is believed that existing cash reserves (subsequent to receipt of the IPO proceeds) will be sufficient to carry out planned exploration programs as well as to cover corporate operating costs through the next fiscal year.

### **Outlook**

With organizational matters essentially completed by quarter-end, and proceeds from the IPO in the bank, management is focusing its full attention to advancing the most promising exploration prospects with programs expected to commence in early 2005. The Company is well funded to carry out these programs as well as to cover corporate operating costs through 2005 and beyond.

### **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 has been filed on SEDAR and may be viewed at [www.sedar.com](http://www.sedar.com).

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

	As at	
	September 30, 2004 (unaudited)	December 31, 2003
<b>Assets</b>		
Current assets:		
Receivables	\$ 388	\$ 535
	388	0
Mineral properties (note 5)	271,063	0
Deferred Share Issue costs	208,551	0
	\$ 480,002	\$ 535
<b>Liabilities &amp; Shareholders' Equity (Deficiency)</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 2)	\$ 402,579	\$ 108,688
Shareholders equity (deficiency):		
Share capital (notes 3 & 5)	271,063	0
Deficit	(193,640)	(108,153)
	77,423	(108,153)
	\$ 480,002	\$ 535

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

	Period Ended	
	September 30, 2004 (unaudited)	December 31, 2003
<b>Expenses</b>		
Administration	\$ 14,240	\$ 8,840
Consulting fees	69,569	67,500
Professional fees	1,678	31,813
<b>Net loss</b>	\$ 85,487	\$ 108,153
<b>Deficit, beginning of period</b>	108,153	0
<b>Deficit, end of period</b>	\$ 193,640	\$ 108,153
<b>Net loss per share</b>		
Basic and diluted	0.02	1,081.53
<b>Weighted average number of shares outstanding</b>	5,343,166	100

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

	Period Ended	
	September 30, 2004 (unaudited)	December 31, 2003
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Net loss	(\$ 85,487)	(\$ 108,153)
Net change in non-cash operating working capital items:		
Deferred share issue costs	(208,551)	0
Receivables	147	(535)
Payables and accrued liabilities	293,891	108,688
	\$ 0	\$ 0
<b>Investing:</b>		
Mineral properties	(271,063)	0
<b>Financing:</b>		
Issue of common shares	271,063	0
<b>Increase (decrease) in cash position</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Cash position, beginning of period</b>	<b>0</b>	<b>0</b>
<b>Cash position, end of period</b>	<b>\$ 0</b>	<b>\$ 0</b>

## WESCAN GOLDFIELDS INC.

Notes to the Financial Statements (quarters ended September 30)

### 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 September 30, 2004 the company has had no active operations.

Wescan is a wholly owned subsidiary of Shore Gold Inc. ("Shore") (see note 5).

### 2. Accounts Payable and Accrued Liabilities

As at September 30, 2004 \$396,171 (December 31, 2003 - \$108,688) represent amounts owing to Shore Gold Inc. ("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).

Authorized an unlimited number of common shares

	<u>Common Shares</u>	<u>Share Capital</u>
Issued		
Balance, December 31, 2003	<u>100</u>	\$ <u>0</u>
Balance, March 31, 2004	<u>100</u>	\$ <u>0</u>
Common Shares issued	12,000,000	271,063
Issue costs	<u>-</u>	<u>-</u>
Balance, June 30, 2004	<u>12,000,100</u>	\$ <u>271,063</u>
Balance, September 30, 2004	<u>12,000,100</u>	\$ <u>271,063</u>

### 4. Income Taxes

As at September 30, 2004, the Company has approximately \$193,000 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.

The Initial Public Offering took place on October 5, 2004 and trading on the TSX-V commenced on October 15, 2004 under the trading symbol WGF. All costs associated with the transfer of assets have been deferred until the October 15 trading date.

**WESCAN GOLDFIELDS INC.**  
**CORPORATE INFORMATION**

**Head Office**

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**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., 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