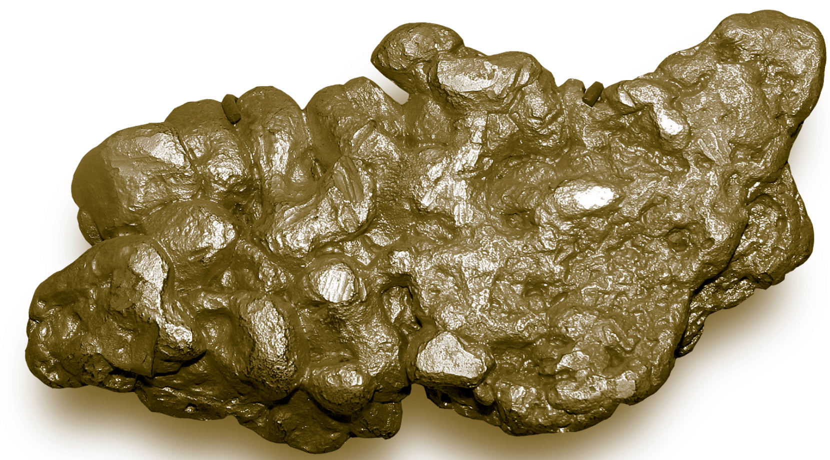
WESCAN GOLDFIELDS INC.



ANNUAL REPORT

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Gold - Mineralized Shear Zone at Jasper

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Chairman's Message to Shareholders

It is with great pleasure that I present your Company's second Annual Report. Wescan Goldfields Inc. ("Wescan" or the "Company") was formed in 2003 to develop the gold property portfolio of Shore Gold Inc. Over the last year Wescan's management and operating team have remained focused on their goal to develop these properties and add prospective property interests with the objective of achieving production within the foreseeable future. Wescan's management team possess a comprehensive understanding of the mining industry and a drive to succeed which will position the Company favorably to achieve its objectives.

During 2005 Wescan expanded its property portfolio to include strategic interests located in the Athabasca uranium district in northern Saskatchewan. Also in 2005, exploration activities commenced on the Company's Fork Lake property which now contains excellent year round infrastructure and facilities. Exploration crews continue to evaluate the production potential of the Deep Jasper (DJ) zone discovered as part of the 2005 drilling program. At the time of writing this report, drill crews have again been mobilized and additional drilling on this property has begun. Exploration activities will continue on the Fork Lake property for the remainder of 2006. The intention of these activities is to outline the size of the DJ zone and to explore additional targets on the property. In addition to current exploration activities, Wescan's management continues to evaluate Canadian and international opportunities with the objective of adding to the company's portfolio.

Wescan's stock performance in 2005 was strong. Record prices for most commodities have resurrected significant interest in exploration and development of base and precious metals within Canada and beyond its borders. Wescan will continue to actively explore currently held properties and other property interests with the objective of becoming a producing company and building value for Wescan shareholders.

Kenneth E. MacNeill
Chairman of the Board of Directors
and Chief Executive Officer

Drilling below previous mine workings at Jasper

Properties

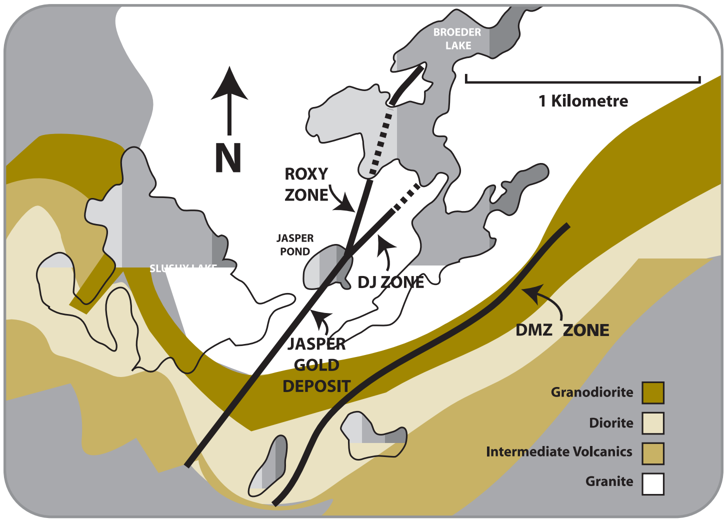
Fork Lake (Jasper Mine) 100% - Gold

(Wescan Goldfields Inc. is the operator)

The Fork Lake project lies within the Central Metavolcanic Belt in northern Saskatchewan - a region that hosts several past producing gold mines. The property comprises three contiguous mining leases and a block of five mineral claims totalling 6,423 hectares. The land package is approximately 130 kilometers north of La Ronge, Saskatchewan and has year-round vehicle access. Wescan has an existing modern expandable work camp on the property.

The Jasper Gold Mine is situated within the Fork Lake claims and produced 155,000 tons of ore at an average grade of 0.54 oz. per ton gold (83,000 oz. gold) between 1990 and 1991. The existing underground decline goes to a depth of 180 meters below surface and has three and a half development levels. Surface exploration drilling in 2005 and 2006 outlined the continuation of the gold mineralization at Jasper to the north and down plunge from the existing mine workings. The size of this new zone named the "Deep Jasper" or "DJ" has not yet been determined but the drill-delineated size of the current resource is similar to what was mined at Jasper. This drilling also intersected two gold-rich footwall zones ("JN Footwall" and "JN East Zone") that are parallel to and occur approximately 75 and 150 meters (respectively) to the east of the DJ Zone and represent future near surface exploration targets.

At the start of 2006 a second surface exploration drill tested the strike extent of a gold mineralized outcrop located at the northern tip of Damnation Lake (approximately 1.6 km northwest of Jasper Pond). The results of this drill program have provided evidence that many of the previously identified gold zones on the Fork Lake claims are actually part of a 7-10 km northeast trending structure (Transect Zone) that parallels the Jasper and DJ zones. The Transect Zone cross-cuts both volcanic and intrusive rocks and represents an excellent exploration target for Wescan.



Jasper claim area

Jojay 25% Joint Venture Interest - Gold

(Wescan Goldfields Inc. is the operator)

The Jojay project lies within the Central Metavolcanic Belt in northern Saskatchewan and is situated thirteen kilometers north of Jasper Pond. The property can be accessed year-round by four-wheel drive vehicle. The claim area covers 855 hectares.

Five separate gold zones have been identified by previous drilling and existing glacial till anomalies south of the deposit indicate there may be other gold zones that have not yet been uncovered. Most of the zones remain open along strike and down plunge. A preliminary economic analysis in 1987 by Kilborn Engineering reports a "Probable Ore" (see below for definition) of 325,900 tons at an average grade of 0.218 oz. per ton gold (71,000 oz. gold) to a depth of 150 meters below surface. Wescan will not rely on the former calculation except as a guide to indicate that a significant gold deposit could be developed at Jojay.

Surface exploration drilling in 2005 confirmed the continuity of the Jojay structure down plunge in the top 100 meters of the deposit.

('Probable Ore', as defined in National Policy Statement No. 2-A, is based on 1.2 meter mining width, 0.10 oz. per ton cutoff grade, average composite intersections cut to 1.00 oz. of gold per ton if over 1.00 oz of gold per ton, 15% dilution at nil grade, and a minimum pillar width between veins of 5 meters).

Munro Lake 51% Joint Venture Interest - Gold

(Wescan Goldfields Inc. is the operator)

The Munro Lake claim lies within the Glennie Lake Domain in northern Saskatchewan and is situated 128 air kilometers northeast of La Ronge, Saskatchewan and seven kilometers northeast of the Seabee Mine/Mill complex. The area is accessible from La Ronge or Otter Lake by float or ski-equipped aircraft. A small fly-in fishing camp is situated on the property and would be available as a base for exploration activities. The Munro Lake claim area covers 705 hectares.

The Munro property covers the northeast projection of the Laonil Lake shear zone which hosts the Seabee gold mineralization. An exploration program carried out in 1996 located copper and gold showings in historic trenches and discovered three gold mineralized showings within the grid area prospected. To date, the most significant showing is trench B where sampling indicates 1.55 g/t Au over 14.5 meters and includes a 3.5 meter interval that averages 2.13 g/t.

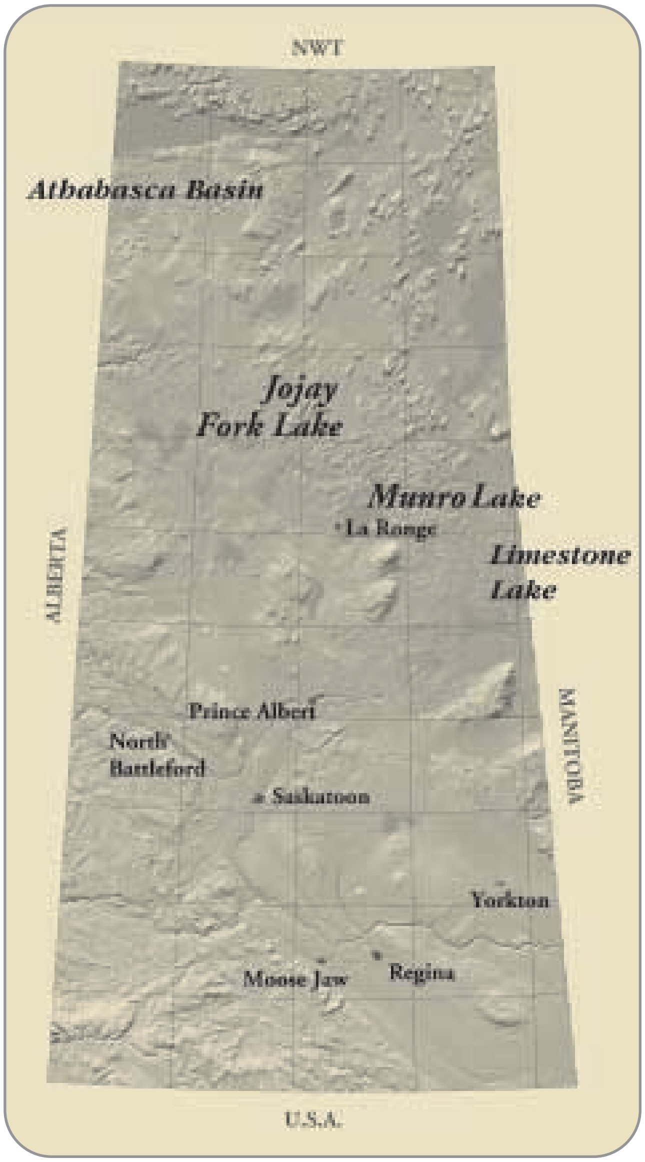
Athabasca Basin 50% Joint Venture Interest - Uranium

(Santoy Resources Ltd. is the operator)

The Athabasca exploration permits and mineral claims lie within the Athabasca Basin in northern Saskatchewan - a region that hosts many of the largest and highest grade uranium deposits in the world. All but one of the properties lie along the northern rim of the basin where current exploration activity is intense.

The Santoy-Wescan claims comprise approximately 160,000 hectares (395,400 acres) covering a number of diverse geological settings within the Athabasca Basin and the Wollaston Fold belt in northern Saskatchewan. Selection of the claim locations was based on favorable geological and geophysical signatures and/or known mineralization. In early 2006, a helicopter-borne geophysical survey was completed in the area, the results of which are pending. The survey will provide focus for future exploration programs on these properties.

Province of Saskatchewan



Limestone Lake 100% - Base Metals

(Wescan Goldfields Inc. is the operator)

The Limestone Lake claim lies within the Flin Flon-Snow Lake greenstone belt in northern Saskatchewan - a region that is one of the largest volcanic-hosted massive sulfide (Copper, Zinc) districts in the world having produced more than 160 million tons of sulfide ore from 24 deposits. The property is situated approximately 76 air kilometers west of Creighton, Saskatchewan.

The Limestone claim covers 2,479 hectares (6,125 acres) covering an area approximately two kilometers north of the McIlvenna Bay volcanogenic copper-zinc-lead-silver-gold deposit. The claim lies over the central portion of a large magnetic anomaly that also underlies the McIlvenna Bay deposit.

Management's Discussion & Analysis

The following Management Discussion and Analysis is prepared as of April 12, 2006 and should be read in conjunction with the audited financial statements for the year ended December 31, 2005 and December 31, 2004. Wescan Goldfields Inc. ("Wescan" or "the Company") prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are reported in Canadian dollars unless otherwise indicated.

Overview

Wescan's 2005 year was a period of intense exploration activity for the Company. A multiple phase drill program was initiated at the former Jasper Gold Mine and another drill program was completed on the Jojay Joint Venture property.

Drilling at Jasper has outlined a new gold mineralized zone that represents a potentially mineable extension of the ore body that was mined during 1990-1991. This drilling also intersected several parallel, near surface, footwall zones that represent future exploration targets. Drilling at the Jojay Joint Venture confirmed the continuity of the Jojay structure down plunge in the top 100 meters of the deposit.

To finance these programs and future programs, the Company, over the course of the year, completed three private placements that raised in excess of $5.2 million. Further, the Company acquired a 50% interest in several Uranium properties in the Athabasca Basin region in northern Saskatchewan.

Fork Lake (former Jasper Gold Mine) Property

In early April, Wescan announced that diamond drilling commenced at the former Jasper Gold Mine on the Company's 100% owned Fork Lake property. The initial 1,630 metre program confirmed ore structures and grade immediately adjacent to and below mined stopes of the former producing mine. Based on the results of the first phase, the Company proceeded with the second phase of drilling in August. The second phase identified a new gold zone, named the Deep Jasper Zone ("DJ Zone"), as well as the continuation of a sub-parallel mineralized shear zone 80-100 meters west of the main Jasper Zone called the Roxy Zone. This program totaled 3,348 metres and consisted of six holes with down hole intersections of up to 23.73 g/t over 1.8 meters in one hole and 15.93 g/t over 2.75 meters in another hole. An expanded drill program was announced November 22, 2005 to test the strike and plunge extensions of the DJ Zone as well as testing the continuation of gold mineralization hosted in a parallel mineralized shear zone that occurs approximately 400 meters to the east of the main gold-hosting shear zone at Jasper called the DMZ Zone. This program resulted in another 9,157 metres drilled, not all of which have been assayed at the date of this report. The results of approximately 8,000 metres of this program were released on April 7, 2006 and have confirmed the DJ Zone extends at least another 50 metres, tested the DMZ zone to find strong shearing hosting local quartz veining which is locally anomalous with gold, identified two gold-rich footwall zones to the DJ Zone called JN Footwall Zone and the JN East Zone that warrant further investigation, and recognized that many formerly discovered gold showings are in fact part of a much larger system that is several kilometers long (named the Transect Zone). Assay results related to the third phase returned up to 32.99 g/t gold over narrow widths from the DJ Zone. To April 12, 2006, the Company has completed 14,134 meters of drilling on the property from all three phases. Management is currently awaiting permits to continue drilling on the property.

Jojay Property

In late June, the Company reported that a diamond-drilling program commenced on the Jojay gold deposit, in which Wescan holds a 25% joint venture interest. The results of that 1,219 metre drill program, which were released on August 2, 2005, confirmed multiple gold zones on the property, with down hole intersections in two of the holes of up to 27.87 g/t over 1.35 meters and 10.52 g/t over 4.84 meters, and the continuity of the Jojay structures down plunge in the top 100 metres of the deposit.

Athabasca Basin Properties

On March 2, 2005, Wescan acquired a 50% working interest in seven prospecting permits in northern Saskatchewan. These properties total 139,000 hectares and are situated in and around the Athabasca Basin and cover a range of geologic settings normally prospective for uranium mineralization. In early 2006, Wescan acquired an additional 50% interest in five claims in this same region, bringing the total land package to 159,965 hectares.

Company officials have begun planning exploration programs with Santoy Resources Inc., the operator of Wescan's uranium interests and in early 2006, a helicopter-borne geophysical survey was completed in the area, the results of which are pending. The survey will provide focus for future exploration programs on these properties.

Selected Annual Information

Selected financial information of the Company by year since incorporation (January 17, 2003) is summarized as 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.

	2005 $	2004 $	2003 $
Revenues	95,085	7,629	0
Net loss	85,491	228,400	108,153
Net loss per share (1)	0.00	0.02	1081.53
Total assets	7,848,941	2,445,633	535
Working capital (2)	6,092,520	2,120,391	(108,153)

(1) Basic and diluted.
(2) Before net change in non-cash working capital items.

Year to Date

Results of Operations

For the year ended December 31, 2005, the Company had a net loss of $85,491 ($0.00 per share) compared to a net loss of $228,400 ($0.02 per share) for the same period in 2004. For the period ended December 31, 2005 the Company generated increased interest income from investing surplus cash, however, this increase was offset by higher operating costs and expenses associated with the fair-value of stock options granted during the second quarter of 2005. The Company also had an income tax recovery from the renunciation of flow-through expenditures. The income tax recovery results from the Company having unrecorded loss carryforwards and other tax pools not recognized that were in excess of future tax liabilities generated from the renunciation. The valuation allowance previously recorded against these future income tax assets was reduced by $339,000 ultimately reducing the Company's net loss. The Company's loss before income taxes was $424,491 which is $196,091 over the 2004 loss before income taxes. The increase in loss can be explained by the increased administration costs and the increase in the fair-value of stock-based compensation compared to the 2004 expense. The administration costs have grown significantly as a result of 2005 being the first full year of the Company's operations and being a publicly listed entity.

Revenues

For the year ended December 31, 2005 the Company reported interest revenue of $95,085 as compared to $7,629 for the year ended December 31, 2004. The $95,085 in interest revenue in 2005 is the result of having surplus cash for investing after the completion of the Initial Public Offering on October 7, 2004 and subsequent equity financings during the last quarter of 2004 and the first, third and fourth quarters of 2005.

Expenses

Total operating costs for the year ended December 31, 2005 equaled $519,576 compared to $236,029 for the same period of 2004. This represents an increase of $283,547 or 120%. Administration expense increased $248,106 from $92,361 in 2004 to $340,467 in 2005. The increase is due to the fair-value of stock options expensed of $102,450 during the second quarter of 2005 and for items such as rent, insurance and personnel costs that had been previously provided to the Company at no charge from its then parent company, Shore Gold Inc. as well as increased costs for material and registrations associated with being a public company. Consulting fees remained relatively stable from period to period, increasing by $10,882 or 10.5% over the same period last year. Finally, professional fees remained virtually unchanged at approximately $40,000 for the years ended December 31, 2005 and 2004.

Investing

Mineral properties additions totaled $1.1 million for 2005 compared to $287,745 for 2004. The additions for year ended December 31, 2005 predominately relate to drill programs for the Fork Lake property and Jojay Joint Venture and the acquisition of a 50% interest in seven uranium properties located in the Athabasca Basin region of northern Saskatchewan. Approximately $1.0 million out of the $1.1 million was incurred on the Fork Lake property and is where the Company has been focusing their efforts for the short-term. The additions during 2004 were related to a portfolio of gold properties that the Company acquired in exchange for 12,000,000 shares from its then parent company Shore Gold Inc.

Financing

During the year ended December 31, 2005, the Company completed three private placements for an aggregate of 8,687,628 units ranging in price from $0.27 to $0.35 per unit for gross proceeds of $2,780,670. 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 Company for a period of 12 months from closing at prices ranging from $0.32 to $0.45 per share. As part of the latter two financings, the Company also issued 5,385,680 flow-through shares at prices ranging from $0.43 to $0.72 per share for gross proceeds of $2,517,231. The financings raised a total of $5,297,901 in gross proceeds for the Company and will be spent on advancing the Company's exploration properties.

Summary of Quarterly Results

	2005				2004			
	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
	$	$	$	$	$	$	$	$
Revenues (1)	44,979	21,765	15,474	12,867	7,629	-	-	-
Net income (loss)(2)	(85,843)	(69,568)	(179,834)	249,754	(142,914)	49,228	(91,433)	(43,281)
Net income (loss)/share (3)	(0.00)	(0.00)	(0.01)	0.01	(0.01)	0.01	(0.02)	(432.81)
Capital expenditures (4)	523,911	378,637	232,967	81,163	16,682	-	271,063	-
Shares outstanding (5)	46,802,464	44,663,357	34,524,493	34,324,493	31,074,493	12,000,100	12,000,100	100

(1) The Company's revenues come from interest earned on cash balances as well as administration fees for acting as operator on certain joint ventures. The increase in revenue is primarily related to interest from the cash proceeds from equity offerings during 2004 and the first, third and fourth quarters of 2005; 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 exploration activities.

(2) The losses in the first two quarters of 2004 predominately related to consulting and professional fees associated with the Initial Public Offering of the Company that were reclassified in the 3rd quarter of 2004 to deferred share issue costs. This reclassification is the reason for the Company reporting income in the 3rd quarter of 2004. The larger losses in the second quarter of 2005 and the fourth quarter of 2004 resulted from both the fair-value of stock options granted during the quarters as well as increased administration fees associated with being a public company. Finally, first quarter income reported in 2005 is predominately related to the income tax recovery as the result of the Company having unrecorded loss carryforwards and tax pools in excess of the future income tax liabilities created upon the renunciation of flow-through expenditures to investors during the quarter.

(3) Basic and diluted.

(4) Capital expenditures in the second quarter of 2004 related to the acquisition of a portfolio of gold properties from Shore Gold Inc. in exchange for 12,000,000 shares of the Company. The additions in the first quarter of 2005 predominately related to the acquisition of a 50% interest in 7 uranium properties located in the Athabasca Basin region of northern Saskatchewan. The additions in the last 3 quarters of 2005 are primarily due to exploratory drill programs at the Fork Lake property and the Jojay Joint Venture.

(5) In the second quarter of 2004, the Company issued 12,000,000 shares in exchange for a portfolio of gold properties. The Initial Public Offering of the Company was closed in the fourth quarter of 2004 and resulted in the issue of an additional 14,000,000 common shares. Private placements in late 2004 and in the first, third and fourth quarters of 2005 as well as the exercise of warrants, broker warrants and options resulted in the remaining changes to the common shares issued and outstanding.

Liquidity

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. 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 additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company's working capital at December 31, 2005 is $6.1 million and is sufficient to cover all currently contemplated exploration programs for the Company's properties. Until the Company's surplus cash is required to fund exploration or development activities it is being invested in relatively risk-free, short-term instruments with maturities not exceeding three months.

Capital Resources

As at December 31, 2005, the Company has working capital of $6.1 million as compared to $2.1 million at December 31, 2004. In addition, as at December 31, 2005, the Company had approximately 4.3 million warrants and 0.5 million broker warrants outstanding that are "in the money" and could result in an additional $1.9 million being added to cash reserves prior to October 2006. Since the end of the year a significant number of warrants and broker warrants have been exercised. As at April 12, 2006, the Company had a total of 49,285,138 common shares issued and outstanding and had outstanding 2,016,554 warrants, 342,990 broker warrants and 1,150,000 options. In the event all warrants, broker warrants and options were exercised, the Company would be required to issue a further 3,509,544 common shares for gross proceeds of $1.4 million.

The Company currently does not have any contractual obligations, other than flow-through spending requirements, which require the Company to spend $2.5 million in qualifying exploration expenditures by the end of 2006.

Related Party Transactions

As described in Note 3 of the annual audited financial statements, 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 properties, the Company issued 12,000,000 common shares. As at December 31, 2005 Shore Gold Inc. holds 8,474,086 common shares of the Company representing an 18.1% (2004 - 27.3%) interest in the Company.

During the year management and consulting fees of $114,500 (2004 - $95,000) were paid to directors, officers and companies controlled by common directors. The fair-value of stock-based compensation related to directors and officers of the company during the year ended December 31, 2005 was $73,300 (2004 - $ 48,510).

During the year, the Company paid $61,587 (2004 - $0) to Shore Gold Inc. for rent of office space, administration services, and rental of equipment.

Accounts receivable include $60,700 due from Shore Gold Inc. (2004 - $0). Payables and accrued liabilities at December 31, 2004 include $22,910 due to Shore Gold Inc.

The above transactions were in the normal course of operations and are measured at an amount agreed to by the related parties. The fair-value of stock-based compensation was determined using the Black-Scholes model.

Fourth Quarter Results

For the quarter ended December 31, 2005, the Company recorded a net loss of $85,843 or $0.00 per share compared to a net loss of $142,914 or $0.01 per share for the same period in 2004. The major difference between the quarter ended December 31, 2004 and 2005 is predominately related to the fair-value of stock options expensed during the fourth quarter of 2004 of $59,290 compared to nil in the fourth quarter of 2005.

The Company generated $44,979 in interest revenue during the fourth quarter compared to $7,629 for the corresponding period in 2004. The large increase is due to the Company having more cash on hand after the completion of three financings during 2005.

During the fourth quarter the Company incurred $512,988 in mineral property additions related to the Fork Lake property.

The Company also completed in December of 2005 a private placement of flow-through shares whereby 694,444 shares were issued for gross proceeds of $500,000. The proceeds will be used to fund exploration activities on the Company's uranium interests.

Critical Accounting Estimates

Wescan's financial statements are prepared in conformity with Canadian generally accepted accounting principles ("GAAP"). The accounting policies for the purposes of Canadian GAAP are described in Note 2 to the financial statements.

Management considers the following polices to be the most critical in understanding the judgments that are involved in preparing the Company's financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows.

Mineral properties

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 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 reserves, the ability to obtain the necessary financing to complete the development of such reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contain 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.

Stock-based compensation plans

Options granted under the share option plan are accounted for using the fair-value of the options on the date of grant, which is determined by using an option-pricing model. The fair value estimate of the options is dependent on the assumptions of the expected term, volatility, risk-free rate of return and expected dividend yield which may be imprecise and depend partly on statistical inferences drawn from past experience. The estimated value of options can vary dramatically depending on the assumptions used and the actual value of the options may be materially different from the estimated value. Regardless of the actual value of the options or changes that may occur in any of the factors used in estimating the fair value, the expense recorded for stock compensation will not be adjusted.

New accounting pronouncements

Financial Instruments – Recognition and Measurement

In January 2005, the CICA released new Handbook Section 3855, "Financial Instruments – Recognition and Measurement", effective for annual and interim periods beginning on or after October 1, 2006. This new section establishes standards for the recognition and measurement of all financial instruments, provides a characteristics-based definition of a derivative financial instrument, provides criteria to be used to determine when a financial instrument should be recognized, and provides criteria to be used when a financial instrument is to be extinguished. The Company has not yet determined the affect these new standards will have on its financial position and results of operations.

Comprehensive Income and Equity

In January 2005, the CICA released new Handbook Section 1530, "Comprehensive Income", and section 3251, "Equity", effective for annual and interim periods beginning on or after October 1, 2006. Section 1530 established standards for reporting comprehensive income. These standards require that an enterprise present comprehensive income and its components, in a separate financial statement that is displayed with the same prominence as other financial statements. Section 3251 establishes standards for the presentation of equity and changes in equity during the reporting period. The requirements in Section 3251 are in addition to Section 1530. The Company has not yet determined the affect these new standards will have on its financial position and results of operations.

Disclosure Controls and Procedures

Disclosure controls and procedures, as defined by Multilateral Instrument 52-109, were evaluated by the Chief Executive Officer and Chief Financial Officer as at the end of December 31, 2005 and they have determined that such disclosure controls and procedures were effective.

Outlook

As at April 12, 2006, the Company has $5.7 million in cash and cash equivalents that will partially be used to complete future drill programs on the Fork Lake property as well as other drill programs on the Company's three other gold properties. The balance of cash and cash equivalents will be used to fund its 50% share of future airborne surveys on the Company's recently acquired uranium interests. The Company will spend a minimum of $2.0 million and $0.5 million on exploration programs on the Company's gold and uranium properties, respectively, to fulfill its flow-through expenditure requirements. Surplus cash will be used for future drill programs, general corporate matters and other opportunities as they may arise.

Caution regarding Forward-looking Statements

From time to time, Wescan makes written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the Ontario Securities Act. Wescan may make such statements in this MD&A, in other filings with Canadian regulators, in reports to shareholders or in other communications. These forward-looking statements include, among others, statements with respect to Wescan's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding Wescan's future operations, future exploration and development activities or other development plans contain forward-looking statements.

All forward-looking statements and information are based on Wescan's current beliefs as well as assumptions made by and information currently available to Wescan concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration, development and mining activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, developments in world gold markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of Wescan or its joint venture partners; the effects of competition in the markets in which Wescan operates; the impact of changes in the laws and regulations regulating mining exploration and development; judicial or regulatory judgments and legal proceedings; operational and infrastructure risks and the additional risks described in Wescan's most recently filed annual and interim MD&A and Wescan's anticipation of and success in managing the foregoing risks.

Wescan cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Wescan, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Wescan does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by Wescan or on our behalf.

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 consolidated financial statements and that assets are properly accounted for and safeguarded.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its audit committee, the majority of which are 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 financial statements is attached.

Harvey J. Bay, CMA
Chief Financial Officer

Saskatoon, Canada
April 12, 2006

Auditors' Report

To the Shareholders of Wescan Goldfields Inc.:

We have audited the balance sheets of Wescan Goldfields Inc. as at December 31, 2005 and 2004 and the statements of loss and deficit and cash flows for the years then ended. 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, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Saskatoon, Canada
April 12, 2006

Balance Sheets

	December 31, 2005	December 31, 2004
Assets		
Current assets:		
Cash	$ 338,449	$ 31,873
Cash-in-trust	-	209,200
Short-term investments	5,893,010	1,905,048
Receivables	127,547	11,767
Prepaids	10,230	-
	6,369,236	2,157,888
Mineral properties (note 3)	1,419,206	287,745
Equipment (note 4)	60,499	-
	$ 7,848,941	$ 2,445,633
Liabilities & Shareholders Equity		
Current liabilities:		
Payables and accrued liabilities	$ 276,716	$ 37,497
Shareholders equity:		
Share capital (note 5)	7,749,253	2,682,614
Contributed surplus	245,016	62,075
Deficit	(422,044)	(336,553)
	7,572,225	2,408,136
Commitments (note 8)		
	$ 7,848,941	$ 2,445,633

See accompanying notes to the financial statements.

On behalf of the Board

Kenneth E. MacNeill
Chairman & CEO

Arnie E. Hillier
Director

Statements of Loss & Deficit

		Year Ended December 31, 2005		Year Ended December 31, 2004
Income				
Interest and other income	$	95,085	$	7,629
Expenses				
Administration		340,467		92,361
Consulting fees		114,425		103,543
Professional fees		39,966		40,125
Amortization		24,718		-
		519,576		236,029
Loss before the undernoted item		(424,491)		(228,400)
Future income tax recovery (note 8)		339,000		-
Net loss		(85,491)		(228,400)
Deficit, beginning of year		(336,553)		(108,153)
Deficit, end of year	$	(422,044)	$	(336,553)
Net loss per share				
Basic and diluted (note 6)		(0.00)		(0.02)
Weighted average number of shares outstanding		36,813,933		10,475,826

Statements of Cash Flows

	Year Ended December 31, 2005	Year Ended December 31, 2004
Cash provided by (used in):		
Operations:		
Net loss	$ (85,491)	$ (228,400)
Non-cash items:		
Amortization	24,718	-
Fair value of stock options granted	102,450	59,290
Future income tax recovery	(339,000)	-
Net change in non-cash operating working capital items:		
Receivables	(16,722)	(11,232)
Prepaids	(10,230)	-
Payables and accrued liabilities	91,637	(71,191)
	(232,638)	(251,533)
Investing:		
Mineral properties	(1,131,461)	(16,682)
Equipment	(85,217)	-
Net change in non-cash investing working capital items:		
Receivables	(99,058)	-
Payables and accrued liabilities	147,582	-
	(1,168,154)	(16,682)
Financing:		
Issue of common shares (net of issue costs)	5,486,130	2,414,336
	5,486,130	2,414,336
Increase in cash and cash equivalents	4,085,338	2,146,121
Cash and cash equivalents, beginning of year	2,146,121	-
Cash and cash equivalents, end of year	$ 6,231,459	$ 2,146,121
Cash and cash equivalents consists of:		
Cash	$ 338,449	$ 31,873
Cash-in-trust	-	209,200
Short-term investments	5,893,010	1,905,048
	$ 6,231,459	$ 2,146,121

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" or the "Company"). Substantially all of the Company's efforts are directed to the exploration and development of its mineral properties and the Company is 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 and the determination of future income tax assets and liabilities. Actual amounts could differ from those estimates.

A summary of significant accounting policies is as follows:

Cash and Cash Equivalents

Cash and cash equivalents 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.

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 from a property, the related accumulated costs are amortized against future income of the project using the unit-of-production method over estimated recoverable ore reserves. Interest on debt associated with the acquisition of mineral properties is capitalized until commencement of commercial production. There have been no interest costs capitalized to date. 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 establish the existence of ore reserves and 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 contain 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.

Joint Ventures

Interests in joint ventures are accounted for by the proportionate consolidation method.

Equipment

Equipment purchases are recorded at cost and amortized over the estimated useful lives of the assets using the declining balance method. Annual amortization rates are as follows:

Automotive equipment	30%
Computer equipment	30%
Computer software	100%
Furniture and equipment	20%

Future 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. The effect on future income tax assets and liabilities of a change in rates is recognized in earnings in the period which includes the enactment date. Future income tax assets and liabilities are recorded in the financial statements if realization is considered more likely than not. The valuation of future income taxes is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated recoverable amount.

Flow-through shares

The Company finances a portion of its exploration activities through the issue of flow-through shares. The Company renounces the deductions to investors and accordingly records share issue costs related to the future tax liability of the temporary difference arising from the renunciation. As a result, share capital is reduced and future income tax liabilities are increased by the estimated tax benefits when renounced by the Company to the investors, except to the extent that the Company has unused tax benefits on loss carryforwards and tax pools in excess of book values available for deduction that are more likely than not to be realized against which a valuation allowance has been provided. In these circumstances, the future tax liability reduces the valuation allowance, if any, and the reduction is recognized in earnings.

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 (k).

Options granted under the share option plan are accounted for using the fair-value method. Under this method, the fair value of stock options granted is measured at the estimated fair value at the grant date and recognized over the vesting period. 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

	Gold				Uranium	
	Fork Lake/ Jasper/ Tamar	Munro	JoJay	Limestone Lake	Athabasca Basin Properties	Total
Balance, December 31, 2003	$ -	$ -	$ -	$ -	$ -	$ -
Acquisition & staking	201,501	69,561	1	-	-	271,063
Consulting/Personnel	3,230	-	-	-	-	3,230
Other	-	-	13,452	-	-	13,452
Balance, December 31, 2004	$ 204,731	$ 69,561	$ 13,453	$ -	$ -	$ 287,745
Acquisition & staking	3,135	-	942	8,590	64,329	76,996
Consulting/Personnel	93,742	-	4,663	2,957	1,020	102,382
Drilling	735,961	-	26,323	-	-	762,284
Other	189,476	-	323	-	-	189,799
Balance, December 31, 2005	$ 1,227,045	$ 69,561	$ 45,704	$ 11,547	$ 65,349	$ 1,419,206

The Company has not yet determined whether any of its mineral properties contain 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.

(a) Fork Lake/Jasper/Tamar
At December 31, 2005 the Company holds a 100% interest in the Fork/Jasper/Tamar property, consisting of certain mineral dispositions located approximately 130 kilometers northeast of La Ronge, Saskatchewan. The Company acquired this property in 2004 from its then parent company, Shore Gold Inc.

(b) Munro
At December 31, 2005 the Company holds a 51% interest in the Munro property, consisting of certain mineral dispositions located approximately 128 kilometers northeast of La Ronge, Saskatchewan. The Company acquired this property interest from its then parent company, Shore Gold Inc. in 2004.

(c) Jojay
At December 31, 2005 the Company holds a 25% interest in the Jojay property, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The Company acquired this property interest in 2004 from its then parent company, Shore Gold Inc.

(d) Limestone Lake
In 2005, the Company staked claims on the Limestone Lake gold property located 157 kilometers southeast of La Ronge, Saskatchewan.

(e) Athabasca Basin Properties
In 2005, the Company acquired a 50% interest in seven uranium properties in or around the Athabasca basin in northern Saskatchewan.

4. Equipment

Equipment is made up of the following:

	Cost	Accumulated Amortization	2005 Net Book Value	2004 Net Book Value
Automotive equipment	$ 25,333	$ 3,800	$ 21,533	$ -
Computer equipment	2,365	355	2,010	-
Computer software	37,029	18,514	18,515	-
Furniture & equipment	20,490	2,049	18,441	-
	$ 85,217	$ 24,718	$ 60,499	$ -

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

	2005			2004		
	Common Shares	Warrants	Amount	Common Shares	Warrants	Amount
Balance, Beginning of year	31,074,493	1,197,000	$2,682,614	100	-	$ 0
Common shares issued (a)	-	-	-	12,000,000	-	271,063
Common shares issued (b)	-	-	-	14,000,000	-	1,400,000
Common shares issued (c)	-	-	-	2,394,000	1,197,000	598,500
Flow-through shares issued (d)	-	-	-	2,680,393		804,118
Common shares issued (e)	3,250,000	1,625,000	877,500	-	-	-
Common shares issued (f)	5,437,628	2,718,814	1,903,170	-	-	-
Flow-through shares issued (g)	4,691,236		2,017,231	-	-	-
Flow-through shares issued (h)	694,444		500,000	-	-	-
Warrants exercised (i)	1,242,000	(1,242,000)	373,500	-	-	-
Broker warrants exercised (j)	212,663		66,245	-	-	-
Options exercised (k)	200,000		76,780	-	-	-
Issue costs	-	-	(408,787)	-	-	(391,067)
Future income taxes on renunciation of flow-through shares	-	-	(339,000)	-	-	-
Balance, End of year	46,802,464	4,298,814	$7,749,253	31,074,493	1,197,000	$2,682,614

(a) Common shares
Pursuant to a transfer agreement dated May 31, 2004, Wescan issued 12,000,000 common shares with no readily available market value to Shore Gold Inc. in exchange for certain property interests then held by Shore Gold Inc. (see note 3).

(b) Common shares
During 2004 the Company issued 14,000,000 shares by way of an Initial Public Offering (“IPO”) for gross proceeds of $1,400,000. The IPO was fully subscribed and closed on October 7, 2004.

(c) Common shares
During 2004 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.

(d) Flow-through shares

During 2004, the Company issued 2,680,393 common shares in the capital of the Company issued on a flow-through basis for gross proceeds of $804,118. The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, 2005; the deduction of which flows through to the shareholder.

(e) Common shares

During February of 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 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.

(f) Common shares

During September of 2005 the Company issued 5,437,628 units for gross proceeds of $1,903,170. 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 $0.45 for a period of 12 months from the closing date.

(g) Flow-through shares

During September of 2005 the Company issued 4,691,236 flow-through shares for gross proceeds of $2,017,231. The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, 2006; the deduction of which flows through to the shareholder.

(h) Flow-through shares

During December of 2005 the Company issued 694,444 flow-through shares for gross proceeds of $500,000. The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, 2006; the deduction of which flows through to the shareholder.

(i) 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. A summary of the outstanding warrants is as follows:

	Warrants	Average Price
Balance - December 31, 2003	-	$ -
Granted	1,197,000	0.30
Exercised	-	-
Balance - December 31, 2004	1,197,000	0.30
Granted	4,343,814	0.40
Exercised	(1,242,000)	0.30
Balance - December 31, 2005	4,298,814	$ 0.40

The warrants issued in 2005 were fair-valued at $649,410 (2004 – $13,766). The fair value of the warrants was determined using the Black-Scholes option-pricing model with the following assumptions: volatility ranging from 44% to 89% (2004 – 22%), risk-free rate of return of 4.25% (2004 – 3.96%), expected dividend of 0% (2004– 0%), and expected term of 1 year (2004 – 1 year).

As at December 31, 2005 the warrants outstanding were as follows:

Number	Exercise Price	Expiry date
1,580,000	$0.32	February 23, 2006
1,178,243	0.45	September 22, 2006
1,540,571	0.45	September 28, 2006
4,298,814	$0.40	

(j) Broker warrants

On certain issues of common shares, the Company granted broker warrants as partial consideration to the agent for services associated to 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. A summary of the outstanding broker warrants is as follows:

	Warrants	Average Price
Balance - December 31, 2003	-	$ -
Granted	242,183	0.30
Exercised	-	-
Balance - December 31, 2004	242,183	$ 0.30
Granted	493,405	0.45
Exercised	(212,663)	0.30
Expired	(29,520)	0.30
Balance - December 31, 2005	493,405	$ 0.45

As at December 31, 2005 the warrants outstanding expire between September 22 and 28, 2006.

The broker warrants issued in 2005 were fair-valued using the Black-Scholes option-pricing model at $99,717 (2004 - $2,785). The fair value of the broker warrants was determined using the Black-Scholes option-pricing model with the following assumptions: volatility of 89% (2004 – 22%), risk-free rate of return of 4.25%(2004 – 3.96%), expected dividend of 0% (2004 – 0%), and expected term of 1 year (2004 – 1 year).

(k) 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 the grant of the options.

During 2005, the Company granted 300,000 (2004 – 1,100,000) options to officers, directors, consultants and employees. The fair value of these options was determined using the Black-Scholes option-pricing model with the following assumptions:

	2005	2004
Number of options granted	300,000	1,200,000
Average strike price	$ 0.37	$ 0.30
Expected dividend	-	-
Expected volatility	72.8%	21.7%
Risk-free interest rate	4.25%	3.96%
Expected life of options	5.00	5.00
Weighted average grant date fair values	$ 102,450	$ 59,290

For options outstanding at December 31, 2005 and 2004, weighted average exercise prices are as follows:

	Options	Average Price
Balance December 31, 2003	-	$ -
Granted	1,100,000	0.30
Exercised	-	-
Balance December 31, 2004	1,100,000	$ 0.30
Granted	300,000	0.37
Exercised	(200,000)	0.30
Balance December 31, 2005	1,200,000	$ 0.32

For options outstanding at December 31, 2005, all of which are exercisable, the range of exercise prices; weighted average exercise price and the weighted average remaining contractual life is as follows:

Option Price Per Share	Options Outstanding December 31, 2005	Weighted Average Exercise Price	Weighted Average Remaining Life
$0.30	900,000	$ 0.30	3.9 years
$0.37	300,000	0.37	4.3 years
	1,200,000	$ 0.32	4.0 years

(l) Contributed surplus

The fair-value of certain stock options and broker warrants have been valued using the Black-Scholes option-pricing model. The fair-value on the grant of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital. A summary of the contributed surplus activity is as follows:

	2005	2004
Balance – beginning of year	$ 62,075	$ -
Fair value of options granted	102,450	59,290
Fair value of broker warrants granted	99,717	2,785
Less: contributed surplus related to options exercised	(16,780)	-
Less: contributed surplus related to broker warrants exercised	(2,446)	-
Balance – end of year	$ 245,016	$ 62,075

6. 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:

	2005	2004
Numerator:		
Loss applicable to common shares	$ 85,191	$ 228,400
Denominator:		
Weighted average common shares outstanding	36,813,933	10,475,826
Basic and diluted loss per common share	$ 0.00	$ 0.02

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.

7. 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. As at December 31, 2005 Shore Gold Inc. holds 8,474,086 common shares of the Company representing an 18.1% (2004 - 27.3%) interest in the Company.

During the year management and consulting fees of $114,500 (2004 - $95,000) were paid to directors, officers and companies controlled by common directors. The fair-value of stock-based compensation related to directors and officers of the company during the year ended December 31, 2005 was $73,300 (2004 - $ 48,510).

During the year, the Company paid $61,587 (2004 - $0) to Shore Gold Inc. for rent of office space, administration services, and rental of equipment.

Accounts receivable include $60,700 due from Shore Gold Inc. (2004 - $0). Payables and accrued liabilities at December 31, 2004 include $22,910 due to Shore Gold Inc.

The above transactions were in the normal course of operations and are measured at an amount, agreed to by the related parties. The fair-value of stock-based compensation was determined using the Black-Scholes model.

8. Income Taxes

The significant components of future income tax assets and liabilities at December 31, 2005 and 2004 are as follows:

		2005		2004
Future income tax assets				
Non-capital loss carry forwards	$	319,000	$	139,000
Share issue costs		188,000		121,000
Future income tax assets before valuation allowance		507,000		260,000
Valuation allowance		(192,000)		(260,000)
Future income tax liabilities		(315,000)		-
Net Future income tax liabilities	$	-	$	-

The provision for income taxes differs from the amount computed by applying the combined expected federal and provincial income tax rate to earnings before income taxes. The reasons for these differences are as follows:

		2005		2004
Loss before income taxes	$	424,491	$	228,400
Combined federal and provincial tax rate		43%		44%
Expected tax recovery		(183,041)		(100,770)
Increase (decrease) in taxes resulting from:				
Non-deductible stock option expenses		44,176		26,159
Tax benefits not recognized on share issue costs		(120,908)		(151,896)
Effect of change in effective tax rates		(11,227)		15,507
Change in valuation allowance		(68,000)		211,000
Future income tax recovery	$	(339,000)	$	-

During the year the Company paid $0 (2004 - $ 0) in taxes.

As at December 31, 2005, the Company has operating losses for income tax purposes approximating $815,000 that are available to reduce taxes in future years and expire over the period to the year 2014.

The Company renounced the deductions related to flow-through shares in an amount related to the first quarter of 2005. The Company increased share issue costs for the future tax amount related to the temporary difference arising from the renunciation. As a result, share capital was reduced and future income tax liabilities were increased by $339,000, the estimated tax benefit renounced by the Company to the investors. The future income tax liability of $339,000 related to the renunciation was reduced and recognized in earnings since the Company had previously unrecognized future income tax assets.

To satisfy its commitments pursuant to the issuance of flow-through shares, the Company is required to incur and renounce $2,517,231 of qualifying exploration expenditures for tax purposes on or before December 31, 2006.

9. 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.

10. Comparative Figures

Certain prior years' balances have been reclassified to conform to the current financial statement presentation.

Corporate Information

Directors and Officers

Kenneth E. MacNeill
Chairman of the Board of Directors
and Chief Executive Officer

Arnold E. Hillier
Director

George W. Sanders
President

Gary L. Billingsley
Director

Harvey J. Bay
Chief Financial Officer
and Director

Val L. Michasiw
Director

Auditors

KPMG LLP, Saskatoon, SK

Solicitors

Bennett Jones, Calgary, AB

Transfer Agent

Valiant Trust, Calgary, AB

Annual General Meeting

Tuesday June 6 @ (10 A.M.) – Picasso room
Radisson Hotel
405 - 20th Street East
Saskatoon, SK

Capitalization 46,802,464
Common Shares Issued and Outstanding at
December 31, 2005

Trading Symbol

WGF – TSX Venture

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