

WESCAN GOLDFIELDS INC.



Consolidated Financial Statements **September 30, 2007**

(A Development Stage Entity)

WESCAN GOLDFIELDS INC.
Unaudited Interim Consolidated Financial Statements

**For the Nine-Month Period Ended
September 30, 2007**

Notice to Reader

Management has compiled the unaudited consolidated financial statements of Wescan Goldfields Inc. for the nine-month period ended September 30, 2007 (along with the comparative interim period in 2006). The Corporation's external auditors have not reviewed these statements.

Wescan Goldfields Inc.
(A Development Stage Entity)
Consolidated Balance Sheets

	September 30, 2007	December 31, 2006
Assets		
Current assets:		
Cash	\$ 1,713,171	\$ 208,857
Short-term investments	3,000,000	5,015,417
Receivables	68,355	95,017
Prepays	28,155	14,024
	4,809,681	5,333,315
Mineral properties (note 3)	6,899,177	5,754,069
Property and Equipment	405,105	173,828
	\$ 12,113,963	\$ 11,261,212
Liabilities & Shareholders' Equity		
Current liabilities:		
Payables and accrued liabilities	\$ 423,803	\$ 155,034
Future income tax liability	131,000	402,000
Shareholders' equity:		
Share capital (note 4)	12,701,688	11,205,312
Contributed surplus (note 4)	719,227	496,427
Deficit	(1,861,755)	(997,561)
	11,559,160	10,704,178
	\$ 12,113,963	\$ 11,261,212

Wescan Goldfields Inc.
(A Development Stage Entity)
Consolidated Statements of Loss and Deficit

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Income				
Interest	\$ 51,023	\$ 51,228	\$ 139,842	\$ 157,120
Expenses				
Administration	238,759	323,167	1,004,898	619,884
Consulting fees	-	28,765	47,318	114,140
Professional fees	9,600	49,511	129,109	228,259
Amortization	18,079	11,802	60,212	30,810
	<u>266,438</u>	<u>413,245</u>	<u>1,241,537</u>	<u>993,093</u>
Loss before the undernoted item	(215,415)	(362,017)	(1,101,695)	(835,973)
Future income tax recovery	(17,500)	(186,000)	(237,500)	(534,000)
Net loss	(197,915)	(176,017)	(864,195)	(301,973)
Deficit, beginning of period	<u>(1,663,840)</u>	<u>(548,000)</u>	<u>(997,560)</u>	<u>(422,044)</u>
Deficit, end of period	<u>\$ (1,861,755)</u>	<u>\$ (724,017)</u>	<u>\$ (1,861,755)</u>	<u>\$ (724,017)</u>
Net loss per share				
Basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of shares outstanding	62,223,074	49,620,640	60,118,307	48,950,573

Wescan Goldfields Inc.
(A Development Stage Entity)
Consolidated Statements of Cash Flows

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Cash provided by (used in):				
Operations:				
Net loss	\$ (197,915)	\$ (176,017)	\$ (864,195)	\$ (301,973)
Non-cash item:				
Amortization	18,079	11,802	60,212	30,810
Fair value of stock options vested	40,765	116,363	217,487	187,686
Future income tax recovery	(17,500)	(186,000)	(237,500)	(534,000)
Net change in non-cash operating working capital items:				
Receivables	(8,160)	72,171	21,330	37,513
Prepays	(6,405)	(11,555)	(14,131)	(14,533)
Payables and accrued liabilities	55,638	331,880	107,508	346,627
	(115,498)	158,644	(709,289)	(247,870)
Investing:				
Additions to mineral properties	(589,036)	(599,429)	(1,128,108)	(2,551,265)
Additions to property and equipment	(36,698)	(27,642)	(291,488)	(82,566)
Net change in non-cash investing working capital items:				
Receivables	(1,861)	48,115	5,332	25,009
Payables and accrued liabilities	83,457	(57,688)	161,261	(35,765)
	(544,138)	(636,644)	(1,253,003)	(2,644,587)
Financing:				
Issue of common shares (net of issue costs)	1,451,189	3,780	1,451,189	1,028,423
	1,451,189	3,780	1,451,189	1,028,423
Increase (decrease) in cash position	791,553	(474,220)	(511,103)	(1,864,034)
Cash position, beginning of period	3,921,618	4,841,645	5,224,274	6,231,459
Cash position, end of period	4,713,171	4,367,425	4,713,171	4,367,425
Cash position consists of:				
Cash	1,713,171	165,584	1,713,171	165,584
Short-term investments	3,000,000	4,201,841	3,000,000	4,201,841
	\$ 4,713,171	\$ 4,367,425	\$ 4,713,171	\$ 4,367,425

WESCAN GOLDFIELDS INC.
(A Development Stage Entity)
Notes to Interim Consolidated Financial Statements
(Unaudited)

1. Nature of Operations

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. The Company has not earned significant revenue and is therefore considered to be in the development stage with respect to its current mineral property holdings.

2. General

These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and follow the same accounting principles and methods of application as the most recent annual audited consolidated financial statements. Since these unaudited consolidated financial statements do not include all disclosures required by GAAP, they should be read in conjunction with the Company’s annual consolidated financial statements filed on SEDAR.

On January 1, 2007, the Company adopted Canadian Institute of Chartered Accountants (“CICA”) handbook sections relating to Financial Instruments – Recognition and Measurement and Comprehensive Income. The adoption of these sections had no impact on the Company’s financial statements. The fair market value of the Company’s financial assets and liabilities approximates the carrying amount as a result of the short-term nature of the instruments. The Company has not entered into any hedging relationships and does not hold any available for sale securities that would result in the recognition of other comprehensive income or loss.

3. Mineral Properties

Mineral properties for the nine-month period ended September 30, 2007 is made up of the following:

	Gold/Other					Uranium	Total
	Fork Lake/ Jasper/ Tamar	Mud Lake	Munro	Jojay	Limestone Lake/Other	Athabasca Basin Properties	
Balance, December 31, 2006	\$3,691,971	-	\$69,841	\$1,448,644	\$ 49,699	\$ 493,914	\$5,754,069
Expenditures during 2007							
Acquisition & staking	-	21,078	-	-	6,000	165,423	192,501
Consulting/Personnel	57,327	-	-	103,444	-	-	160,771
Exploration/Drilling	496,504	80,000	-	-	-	51,082	627,586
Surveying	-	-	-	-	-	-	-
Other	157,172	-	1,048	-	90	5,940	164,250
Balance, September 30, 2007	\$4,402,974	\$101,078	\$70,889	\$1,552,088	\$ 55,789	\$ 716,359	\$6,899,177

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 Property

The Company holds a 100% interest in the Fork Lake/Jasper/Tamar property, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan.

b) Munro Property

The Company holds a 51% interest in the Munro property, consisting of certain mineral dispositions located approximately 128 kilometers northeast of La Ronge, Saskatchewan.

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c) Jojay Property

The Company holds a 100% interest in the Jojay property, consisting of certain mineral dispositions located approximately 150 kilometers northeast of La Ronge, Saskatchewan.

d) Limestone Lake/Other Properties

The Company staked claims on the Limestone Lake gold property located 157 kilometers southeast of La Ronge, Saskatchewan.

e) Mud Lake Joint Venture Property

In the second quarter of 2007, Wescan entered into an option agreement with Alto Ventures Ltd (Alto). Under the terms of the agreement, Wescan has an exclusive and irrevocable option to acquire an undivided 50% interest in Alto's Mud Lake property by making \$600,000 in exploration expenditures and issuing 150,000 Wescan shares to Alto over a two year period.

f) Athabasca Basin Properties

The Company acquired a 50% interest in six uranium properties in or around the Athabasca basin in northern Saskatchewan. A 50% interest in five additional claims in the same area was added during 2006. An additional claim was added in the first quarter of 2007.

4. Share Capital

- a) The authorized share capital of the Company consists of an unlimited number of common shares. At September 30, 2007, there were 62,983,916 common shares outstanding.
- b) In July of 2007 the Company issued 3,888,750 flow-through shares for gross proceeds of \$1,555,500. The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, 2008; the deduction of which flows through to the shareholder.
- c) In June of 2007, the Company issued 50,000 shares valued at \$17,000 as part of the Alto Ventures Ltd. Mud Lake Option Agreement.
- d) 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. At September 30, 2007, there were 2,958,214 warrants outstanding at an average price of \$0.45 with an expiration date of December 19, 2007.
- e) On certain issues of common shares, the Company has 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 September 30, 2007, there were 248,132 broker warrants at an average price of \$0.41 with a expiration dates of December 19, 2007 and July 18, 2008.
- f) The fair-value of stock options and broker warrants has been determined using the Black-Scholes option-pricing model. The fair-value on the grant of these securities has been 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.

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A summary of the contributed surplus activity is as follows:

	Amount
Balance – December 31, 2006	\$ 496,427
Fair value of options vested	120,458
Balance – March 31, 2007	\$ 616,885
Fair value of options vested	56,262
Balance – June 30, 2007	\$ 673,147
Fair value of options vested	46,735
Fair value of broker warrants granted	5,313
Less: contributed surplus related to options expired	(5,968)
Balance – September 30, 2007	\$ 719,227

5. Stock-Based Compensation

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. Certain options vest immediately while others vest six to twelve months after grant date and expire 5 years from the date of the grant of the options.

A summary of the outstanding options at September 30, 2007 is as follows:

	Options	Average Price
Balance - December 31, 2006	3,150,000	\$ 0.54
Granted	50,000	0.38
Exercised	-	-
Forfeited	100,000	0.65
Balance - March 31, 2007	3,100,000	\$ 0.53
Granted	1,085,000	0.34
Exercised	-	-
Expired	400,000	0.58
Balance – June 30, 2007	3,785,000	\$ 0.47
Granted	-	-
Exercised	-	-
Forfeited	(75,000)	0.41
Expired	(50,000)	0.45
Balance – September 30, 2007	3,660,000	\$ 0.47

6. Related Party Transactions

During the nine-month period ended September 30, 2007, management and consulting fees of \$58,000 (2006 - \$149,375) were paid to directors, officers and companies controlled by common directors; \$4,000 (2006-\$95,375) of these fees was included as consulting fees and \$54,000 (2006 - \$54,000) was included as administration expense. The fair-value of stock-based compensation related to directors and officers of the Company for the nine-month period ended September 30, 2007 was \$159,377 (2006 - \$130,111).

During the nine-month period the Company was charged \$313,688 (2006 - \$320,000) from Shore Gold Inc. for administration services, office space and equipment leases. Accounts payable includes \$2,035 (2006 - \$247,591) to Shore Gold Inc.

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As at September 30, 2007 Shore Gold Inc. holds 11,474,086 common shares of the Company representing a 18.2% (2006 – 17.1%) interest in the Company.

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 the stock-based compensation was determined using the Black-Scholes model.