

WESCAN GOLDFIELDS INC.



Consolidated Financial Statements September 30, 2008

(A Development Stage Entity)

WESCAN GOLDFIELDS INC.
Unaudited Interim Consolidated Financial Statements

**For the Nine-Month Period Ended
September 30, 2008**

Notice to Reader

Management has compiled the unaudited consolidated financial statements of Wescan Goldfields Inc. for the nine-month period ended September 30, 2008 (along with the comparative interim period in 2007). The Corporation's external auditors have not reviewed these statements.

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

	<u>September 30,</u> 2008	<u>December 31,</u> 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 18,090	\$ 3,413,275
Receivables	113,644	100,432
Prepays	23,302	12,653
Permit deposits (note 4)	294,692	-
	<u>449,728</u>	<u>3,526,360</u>
Mineral properties (note 5)	10,209,216	7,948,522
Property and equipment	<u>494,424</u>	<u>491,560</u>
	<u>\$ 11,153,368</u>	<u>\$ 11,966,442</u>
Liabilities & Shareholders' Equity		
Current liabilities:		
Payables and accrued liabilities	\$ 506,458	\$ 528,085
Future income tax liability	229,100	25,500
Shareholders' equity:		
Share capital (note 6)	12,468,715	12,698,522
Contributed surplus (note 6)	1,032,772	758,698
Deficit	<u>(3,083,677)</u>	<u>(2,044,363)</u>
	<u>10,417,810</u>	<u>11,412,857</u>
Subsequent events (notes 5f & 8)	<u>\$ 11,153,368</u>	<u>\$ 11,966,442</u>

See accompanying notes to financial statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Income				
Interest	\$ 634	\$ 51,023	\$ 40,177	\$ 139,842
Other	27,956	-	35,813	-
	<u>28,590</u>	<u>51,023</u>	<u>75,990</u>	<u>139,842</u>
Expenses				
Administration	299,283	238,759	1,200,310	1,004,898
Consulting fees	500	-	24,490	47,318
Professional fees	11,428	9,600	31,864	129,109
Amortization	33,568	18,079	75,040	60,212
	<u>344,779</u>	<u>266,438</u>	<u>1,331,704</u>	<u>1,241,537</u>
Loss before the undernoted item	(316,189)	(215,415)	(1,255,714)	(1,101,695)
Future income tax recovery	81,900	17,500	216,400	237,500
	<u>(234,289)</u>	<u>(197,915)</u>	<u>(1,039,314)</u>	<u>(864,195)</u>
Net loss and comprehensive loss	(234,289)	(197,915)	(1,039,314)	(864,195)
Deficit, beginning of period	<u>(2,849,388)</u>	<u>(1,663,840)</u>	<u>(2,044,363)</u>	<u>(997,560)</u>
Deficit, end of period	<u><u>\$ (3,083,677)</u></u>	<u><u>\$ (1,861,755)</u></u>	<u><u>\$ (3,083,677)</u></u>	<u><u>\$ (1,861,755)</u></u>
Net loss per share				
Basic and diluted	(0.00)	(0.00)	(0.02)	(0.01)
Weighted average number of shares outstanding	63,355,636	62,223,074	63,162,229	60,118,307

See accompanying notes to financial statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Cash provided by (used in):				
Operations:				
Net loss and comprehensive loss	\$ (234,289)	\$ (197,915)	\$ (1,039,314)	\$ (864,195)
Non-cash item:				
Amortization	33,568	18,079	75,040	60,212
Fair value of stock options vested	10,947	40,765	299,242	217,487
Future income tax recovery	(81,900)	(17,500)	(216,400)	(237,500)
Net change in non-cash operating working capital items:				
Receivables	12,256	(8,160)	(7,927)	21,330
Prepays	7,761	(6,405)	(10,649)	(14,131)
Payables and accrued liabilities	(85,465)	55,638	(8,650)	107,508
	(337,122)	(115,498)	(908,658)	(709,289)
Investing:				
Additions to mineral properties	(122,447)	(589,036)	(2,206,197)	(1,128,108)
Additions to equipment	(2,932)	(36,698)	(95,401)	(291,488)
Net change in non-cash investing working capital items:				
Receivables	8,172	(1,861)	(5,285)	5,332
Permit deposits	206,921	-	(294,692)	-
Payables and accrued liabilities	(128,199)	83,457	(12,977)	161,261
	(38,485)	(544,138)	(2,614,552)	(1,253,003)
Financing:				
Issue of common shares (net of issue costs)	123,235	1,451,189	128,025	1,451,189
	123,235	1,451,189	128,025	1,451,189
Increase (decrease) in cash position	(252,372)	791,553	(3,395,185)	(511,103)
Cash and cash equivalents, beginning of period	270,462	3,921,618	3,413,275	5,224,274
Cash and cash equivalents, end of period	\$ 18,090	\$ 4,713,171	\$ 18,090	\$ 4,713,171
Cash and cash equivalents consists of:				
Cash	\$ 18,090	\$ 1,713,171	\$ 18,090	\$ 1,713,171
Guaranteed investment certificates	-	3,000,000	-	3,000,000
	\$ 18,090	\$ 4,713,171	\$ 18,090	\$ 4,713,171

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 and follow the same accounting principles and methods of application as the most recent annual audited consolidated financial statements. These unaudited consolidated financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements included in the 2007 annual report.

3. Changes in accounting policies

Effective January 1, 2008, the Company adopted the following accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

a) Financial instruments presentation and disclosure

On January 1, 2008, the Company adopted CICA handbook sections relating to financial instruments presentation and disclosure. These sections are intended to enhance the users’ ability to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

i) Financial assets

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Due to the short-term maturity of accounts receivable, the carrying amount approximate fair value.

The Company has not entered into any hedging relationships and does not hold any other available-for-sale securities that would result in the recognition of other comprehensive income or loss.

ii) Financial liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Due to the short-term nature of accounts payable and accrued liabilities, the carrying amounts approximate fair value.

iii) Management of financial risk

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to any significant credit risk at the end of the period.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at September 30, 2008 the Company believes it will have sufficient access to financial markets to continue to meet its obligations as they become due.

The Company does not currently operate any producing properties and as such, is dependent upon the issuance of new equity to 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 on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or joint ventures or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Wescan's future cash flows, earnings, results of operations and financial position. The Company expects its current capital resources will be sufficient to carry out its exploration plans through its current operating period. The Company is currently working on finalizing 2009 budgets. Based on these plans, the Company anticipates that it will be able to fund next year's exploration programs.

b) Capital disclosure

On January 1, 2008, the Company adopted the CICA handbook section relating to capital disclosure. This additional disclosure includes information regarding an entity's objectives, policies and processes for managing capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholder's equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly rated, liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements, except as disclosed.

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4. Permit Deposits

Permit deposits consist of amounts paid to the Saskatchewan Ministry of Energy and Resources for coal permit certificates. The grant of permits is dependent upon government regulatory approval and time required to process the applications. The Company is entitled to a refund if the Ministry does not grant the coal permit certificates.

5. Mineral Properties

Mineral properties for the nine-month period ended September 30, 2008 is made up of the following:

Properties	December 31, 2007	Acquisition Costs	Exploration Costs	September 30, 2008
Fork Lake/ Jasper/Tamar (a)	\$ 4,910,201	\$ -	\$ 151,913	\$ 5,062,114
Mud Lake (b)	259,071	37,000	229,290	525,361
Munro (c)	78,087	-	307,898	385,985
Jojay (d)	1,921,562	-	1,132,113	3,053,675
Limestone Lake/ Hanson Lake (e)	55,789	-	-	55,789
Athabasca Basin Properties (f)	723,812	-	64,722	788,534
Hudson Bay/ Pasquia Hills (g)	-	184,586	153,172	337,758
Total	\$ 7,948,522	\$ 221,586	\$ 2,039,108	\$ 10,209,216

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 and costs of properties acquired, less write-downs and recoveries, and do 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) Mud Lake Property

In 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. As at September 30, 2008, Wescan has incurred \$525,361 of exploration expenditures and has issued 100,000 shares to Alto in accordance with the terms of the option agreement.

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c) Munro Property

The Company originally held a 51% interest in the Munro property, consisting of certain mineral dispositions located approximately 128 kilometers northeast of La Ronge, Saskatchewan. In 2008, the Company's joint venture partner chose not to fund their portion of the 2008 exploration program and as a result their co-ownership interest will be reduced in accordance with the terms of the joint venture agreement.

d) 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.

e) Limestone Lake/Hanson Lake Properties

The Company staked seven claims in the Limestone and Hanson Lake area located 85 kilometres west of Creighton, Saskatchewan during 2006. An additional claim was staked in 2007.

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 2007. In October 2008 the Company decided that it will not be funding its portion of the current year exploration program and as a result it will have its interest diluted in the properties in accordance with the joint operating agreement. The exact amount of dilution has yet to be determined.

g) Hudson Bay/Pasquia Hills

A total of 229 coal permits have been issued to the Company from the Saskatchewan Ministry of Energy and Resources as at September 30, 2008. These permits comprise a total area of 161,894 hectares (1,619 square kilometres) and are in close proximity to Hudson Bay, Saskatchewan. These permits will allow the Company to explore the area for coal and cover a period of one year with two possible six-month extensions and convertible to a 15-year lease. The Company awaits the balance of 124 priority sequenced ("first in line") coal applications for the Hudson Bay area listed in Letters of Comfort from Saskatchewan Energy and Resources.

6. Share Capital

Authorized

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 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.

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Issued and outstanding

	Common Shares	Amount
Balance – December 31, 2007	62,983,916	\$ 12,698,522
Common shares issued (a)	-	-
Broker warrants exercised (b)	-	-
Options exercised (c)	-	-
Balance – March 31, 2008	62,983,916	\$ 12,698,522
Common shares issued (a)	50,000	37,000
Broker warrants exercised (b)	11,976	5,140
Options exercised (c)	-	-
Future income taxes on renunciation of flow-through shares (d)	-	(420,000)
Balance – June 30, 2008	63,045,892	\$ 12,320,662
Common shares issued (a)	-	-
Broker warrants exercised (b)	168,087	92,053
Options exercised (c)	200,000	56,000
Balance – September 30, 2008	63,413,979	\$ 12,468,715

a) Common shares

In June of 2008, the Company issued 50,000 shares fair-valued at \$37,000 as part of the Wescan – Alto Ventures Ltd. Mud Lake Option Agreement (see note 4b).

b) Broker warrants

On certain issues of common shares, the Company issued 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. A summary of the outstanding broker warrants is as follows:

	Warrants	Average Price
Balance - December 31, 2007	181,938	\$ 0.40
Granted	-	-
Exercised	-	-
Balance - March 31, 2008	181,938	\$ 0.40
Granted	-	-
Exercised	(11,976)	0.40
Balance - June 30, 2008	169,962	\$ 0.40
Granted	-	-
Exercised	(168,087)	0.40
Expired	(1,875)	0.40
Balance - September 30, 2008	-	\$ -

c) 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. Certain options vest immediately while others vest six to twenty-four months after grant date and expire five years from the date of the grant of the options. The fair value of stock options issued in the nine-month period ended September 30, 2008 was estimated using the Black-Scholes option-pricing model with the following

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assumptions: 5 year weighted average expected option life, no expected forfeiture rate, dividend yield of 0.0%, a volatility factor of 49.9% - 59.9% (2007 – 40.6% to 42.3%) and a risk free rate of 2.99% - 3.54% (2007 – 4.11% to 4.64%). During the quarter ended September 30, 2008, no options were granted by the Company. The amount that vested from previous issues during the quarter was \$10,947 (2007 – \$40,765). During the nine-month period ended September 30, 2008, the Company granted 1,217,500 (2007- 1,135,000) options to directors, officers or employees at an average strike price of \$0.48 (2007 - \$0.34). The fair value in respect of stock options granted for the nine-month period ended September 30, 2008 was \$304,418 (2007 - \$169,542) The amount that vested during the nine-month period ended was \$299,242 (2007 - \$217,487).

A summary of the outstanding options at September 30, 2008 is as follows:

	Options	Average Price
Balance - December 31, 2007	4,010,000	\$ 0.45
Granted	-	-
Exercised	-	-
Expired	(50,000)	0.36
Balance - March 31, 2008	3,960,000	\$ 0.45
Granted	1,217,500	0.48
Exercised	-	-
Expired	-	-
Balance - June 30, 2008	5,177,500	\$ 0.46
Granted	-	-
Exercised	(200,000)	0.28
Expired	-	-
Balance - September 30, 2008	4,977,500	\$ 0.46

d) Flow-through shares

During 2007, the Company issued, through a private placement, 3,888,750 flow-through shares for gross proceeds of \$1,555,500. In 2008, the Company renounced \$1,555,500 of tax deductions associated with qualified expenditures required to be incurred by the end of 2008. The Company recorded a future tax liability of \$420,000, with a corresponding reduction in share capital.

e) Contributed surplus

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. A summary of the contributed surplus activity is as follows:

	Amount
Balance – December 31, 2007	\$ 758,698
Fair value of options vested	40,856
Balance – March 31, 2008	\$ 799,554
Fair value of options vested	247,439
Less: contributed surplus related to broker warrants exercised	350
Balance – June 30, 2008	\$ 1,046,643
Fair value of options vested	10,947
Less: contributed surplus related to broker warrants exercised	4,908
Less: contributed surplus related to options exercised	19,910
Balance – September 30, 2008	\$ 1,032,772

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7. Related Party Transactions

During the nine-month period ended September 30, 2008, management and consulting fees of \$54,000 (2007-\$58,000) were paid to directors, officers and companies controlled by common directors; \$54,000 (2007-\$54,000) were included as administration expense and nil (2007-\$4,000) of these fees was included as consulting fees.

During the nine-month period the Company was charged \$49,000 (2007- \$314,000) from Shore Gold Inc. for administration services. Accounts payable includes \$10,000 (2007 – \$2,000) due to Shore Gold Inc.

As at September 30, 2008 Shore Gold Inc. holds 11,474,086 common shares of the Company representing an 18.1% (2007–18.2%) 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.

8. Subsequent Events

On October 17 and October 20, 2008 the Company completed two tranches of a private placement financing consisting of an aggregate of 1,859,666 common shares in the capital of the Corporation issued on a flow-through basis at a price of \$0.30 per flow-through share and 1,641,481 units of the Corporation at a price of \$0.27 per unit, for aggregate gross proceeds of \$1,001,100. Each unit consists of one common share issued on a non flow-through basis, and one half of one common share purchase warrant. Each whole unit warrant entitles the holder thereof to purchase one common share on a non flow-through basis at a price of \$0.35 for a period of 12 months from the date of issuance. As a result of this placement the Corporation issued 820,740 warrants and 19,833 broker warrants.

On October 27, November 5 and November 24, 2008, the Company completed three tranches of a private placement financing consisting of an aggregate of 7,840,000 common shares in the capital of the Corporation issued on a flow-through basis at a price of \$0.23 per flow-through share and 366,264 units of the Corporation at a price of \$0.20 per unit, for aggregate gross proceeds of \$1,876,453. Each unit consists of one common share issued on a non flow-through basis, and one half of one common share purchase warrant. Each whole unit warrant entitles the holder thereof to purchase one common share on a non flow-through basis at a price of \$0.35 for a period of 12 months from the date of issuance. As a result of this placement the Corporation issued 183,132 warrants and 154,000 broker warrants.

9. Comparative Figures

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

WESCAN GOLDFIELDS INC.



CORPORATE INFORMATION

Head Office

600, 224 – 4th Ave. S.
Saskatoon, Saskatchewan
Canada S7K 5M5
Tel: (306) 664-2422
Fax: (306) 667-3557

Directors

Kenneth E. MacNeill
M.F. (Moe) Lindsay
Harvey J. Bay
Arnie E. Hillier
Val L. Michasiw
Gary L. Billingsley

Officers

Kenneth E. MacNeill – C.E.O.
Judy Stoeterau – President
Todd M. Grychowski – C.F.O.
Kirsten Marcia – VP of Exploration

Solicitors

Bennett Jones LLP
Calgary, Alberta

Auditors

KPMG, LLP
Saskatoon, Saskatchewan

Bank

Canadian Western Bank
Saskatoon, Saskatchewan

Exchange Listing

TSX Venture Exchange
75,121,390 common shares issued and outstanding as at November 25, 2008

Trading Symbol:

WGF

Website:

www.wescangoldfields.com

Email:

info@wescangoldfields.com