

WESCAN GOLDFIELDS INC.



**3rd Quarter Report
September 30, 2018**

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

The following discussion and analysis is prepared by Management as of November 27, 2018 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the quarter ended September 30, 2018 ("financial statements for the quarter ended September 30, 2018"), as well as the audited consolidated financial statements and annual MD&A for the year ended December 31, 2017 available on SEDAR at www.sedar.com. Wescan Goldfields Inc. ("Wescan" or "the Company") prepared its financial statements for the period ended September 30, 2018 in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All currency amounts are quoted in Canadian Dollars, unless otherwise stated.

Overview

During the nine months ended September 30, 2018, the Company completed a private placement of 625,000 flow-through common shares for gross proceeds of \$50,000 (see Wescan News Release dated May 4, 2018).

During the nine months ended September 30, 2018, the Company carried out a field exploration program on the Company's Munro Lake gold property ("Munro Lake"). Work performed included reconnaissance prospecting and mapping as well as a geochemical survey. The Munro Lake property consists of mineral dispositions covering 2,489 hectares located approximately 128 kilometers northeast of La Ronge, Saskatchewan. Munro Lake is located approximately seven kilometers from a producing gold mine and is on trend with other known gold mineralized zones in the area. Limited historical exploration work has been performed on Munro Lake.

Financial Highlights

Select financial information of the Company for the three and nine months ended September 30, 2018 and 2017 is summarized as follows:

	Three Months Ended September 30, 2018 \$	Three Months Ended September 30, 2017 \$	Nine Months Ended September 30, 2018 \$	Nine Months Ended September 30, 2017 \$
Interest and other income	76	198	398	695
Net income (loss)	224,418	(8,045)	52,860	(170,171)
Net income (loss) per share ⁽¹⁾	0.00	0.00	0.00	0.00
Total assets	232,103	294,727	232,103	294,727
Working capital	214,957	42,126	214,957	42,126

(1) Basic and diluted.

Results of Operations

For the quarter ended September 30, 2018 the Company recorded net income of \$224,418 (\$0.00 per share) compared to a net loss of \$8,045 (\$0.00 per share) for the same period in 2017. This was primarily due to the reversal of a previously recorded provision.



Expenses

Total operating expenses for the quarter ended September 30, 2018 were \$9,388, compared to \$8,243 for the same period in 2017. This increase of \$1,145 is primarily due to higher administrative expenditures incurred during the quarter ended September 30, 2018 compared to the same period in 2017. Costs in the administration category relate to amortization, office and equipment rent, regulatory requirements and other office related expenses. No exploration and evaluation expenditures or corporate development expenditures were incurred during the quarters ended September 30, 2018 and 2017.

Financing

No financing activities occurred during the quarters ended September 30, 2018 and 2017.

Year to Date

Results of Operations

For the nine months ended September 30, 2018, the Company recorded net income of \$52,860 (\$0.00 per share) compared to a net loss of \$170,171 (\$0.00 per share) for the same period in 2017. This was primarily due to the reversal during the nine months ended September 30, 2018 of a previously recorded indemnification provision.

Expenses

Total expenditures for the nine months ended September 30, 2018 were \$181,268 compared to \$170,866 for the same period in 2017. This increase of \$10,402 is primarily due to higher expenditures relating to exploration and evaluation properties.

During the nine months ended September 30, 2018, the Company incurred exploration and evaluation expenditures of \$56,915. These expenditures related to a field exploration program on the Company's Munro Lake gold property as well as maintenance of certain mineral claims. During the nine months ended September 30, 2017, the Company incurred expenditures of \$43,502 relating to the maintenance of certain mineral claims.

Administration expense decreased to \$122,593 for the nine months ended September 30, 2018 compared to \$126,930 for the same period in 2017. Included in these amounts is non-cash share-based compensation of \$79,458 (2017 - \$83,781). Costs in the administration category also relate to amortization, office and equipment rent, regulatory requirements and other office related expenses.

Corporate development costs increased to \$1,760 for the nine months ended September 30, 2018 compared to \$434 for the same period in 2017.

Financing

During the nine months ended September 30, 2018, the Company completed a private placement of 625,000 flow-through common shares of the Company at a price of \$0.08 per flow-through common share, for gross proceeds of \$50,000 (the "Offering") (see Wescan News Release dated May 4, 2018). Proceeds of the Offering were used to incur qualifying expenditures on the Company's Munro Lake gold property. No financing activities occurred during the nine months ended September 30, 2017.



Use of proceeds

During 2018, the Company raised \$50,000 from flow-through financing activities to be used on qualifying exploration and evaluation activities. As at September 30, 2018, these proceeds were used on the Munro Lake property. As a result, there are no further flow-through expenditure commitments.

Summary of Quarterly Results

	2018			2017				2016
	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$	Qtr 4 \$
Net income (loss) ⁽¹⁾	224,418	(154,683)	(16,875)	(9,305)	(8,045)	(102,394)	(59,732)	(12,586)
Net income (loss) /share ⁽²⁾	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Shares outstanding ⁽³⁾	45,084,320	45,084,320	44,459,320	44,459,320	44,459,320	44,459,320	44,459,320	44,459,320

(1) Net income for the third quarter of 2018 was due to the reversal of a previously recorded indemnification provision. The net loss in the second quarters of 2018 and 2017 were higher due to expenditures relating to share-based compensation as well as exploration and evaluation expenditures incurred. The remaining quarters reflect normal operations of the Company.

(2) Basic and diluted.

(3) During the second quarter of 2018, the Company issued 625,000 common shares pursuant to a private placement.

Related Party Transactions

During the nine months ended September 30, 2018, Mr. Kenneth E. MacNeill (Chief Executive Officer), through his consulting company, waived his management fees. Total compensation paid to key management personnel, including amounts paid or payable to related parties owned by key management personnel, executive officers and directors, was comprised of share-based payments of \$73,226 (2017 - \$77,517). These amounts have been included in administration expense on the statement of loss and comprehensive loss. The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The fair value of share-based payments was determined using the Black-Scholes model.

Liquidity

The Company currently has no ongoing source of revenue and, as such, is dependent upon the issuance of new equity to finance its ongoing obligations and 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 could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

The Company provided an indemnification to subscribers of flow-through shares in an amount equal to the income tax that would be payable by subscribers in the event, and as



a consequence, of the Company not incurring and renouncing qualifying expenditures by December 31, 2012 as required under the subscription agreement. The Company previously accrued a provision of \$233,730 relating to this indemnification. As no amounts have been incurred, the previously recorded indemnification provision was reversed during the quarter ended September 30, 2018.

As at September 30, 2018, the Company had working capital of \$214,957 as compared to working capital of \$33,062 at December 31, 2017. Included in the working capital deficiency at September 30, 2018 are \$13,890 of payables and accrued liabilities from operating activities. As at December 31, 2017, working capital included the \$233,730 provision representing estimated amounts to indemnify certain flow-through subscribers as a result of the Company not incurring certain qualifying expenditures by December 31, 2012. This provision was reversed during the quarter ended September 30, 2018.

Capital Resources and Outstanding Share Data

As at September 30, 2018 the Company had 45,084,320 shares outstanding as well as 4,190,000 options outstanding with a weighted average exercise price of \$0.06. As at November 27, 2018, the Company's issued and outstanding shares and options remained unchanged from September 30, 2018. In the event all options outstanding at November 27, 2018 were exercised, the Company would be required to issue a further 4,190,000 common shares for gross cash proceeds of \$272,200.

Financial Instruments

As at September 30, 2018, the fair value of all of the Company's financial instruments approximates their carrying value. Certain financial instruments are exposed to the following financial risks:

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's financial instruments that may have credit risk consist primarily of cash and cash equivalents and receivables. The Company's cash and cash equivalents are held by financial institutions with an A (low) credit rating. The Company may invest excess cash, if any, in guaranteed investment certificates until it is required. The Company's receivables are mainly comprised of GST receivable and/or receivables from government entities and therefore credit risk is minimal. The Company has gross credit exposure at September 30, 2018 relating to cash and cash equivalents and receivables of \$226,582 (December 31, 2017 - \$282,325).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to forecast future cash flows to ensure that it will have sufficient liquidity to meet its obligations when due.

As at September 30, 2018, the Company had working capital of \$214,957 (December 31, 2017 - \$33,062) and is committed to current liabilities of \$13,890 (December 31, 2017 -

\$249,797). Working capital at December 31, 2017 was net of a \$233,730 provision that was recorded to indemnify subscribers to a 2011 flow-through financing.

The Company is pursuing options to finance the future exploration of its properties as well as for general and administrative expenses of the Company. Financing options may include joint venture arrangements, debt financing, equity financing or other means. There is no assurance that Wescan will be successful in obtaining required financing when needed or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration plans, forfeit rights in its properties or reduce or terminate its operations. As at September 30, 2018 all of the Company's mineral property claims are in good standing.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of four types: foreign currency risk, interest rate risk, commodity price risk and equity risk. The Company currently does not have significant exposure to any market risks.

Accounting Changes

New IFRS standards, amendments and interpretations effective during the period

At the date of authorization of these consolidated financial statements, the IASB has issued the following new Standards which became effective for the reporting periods.

IFRS 9 – Financial Instruments

On July 24, 2015 the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement", and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The implementation of IFRS 9 did not have a material impact on the consolidated financial statements.

IFRS 15 – Revenue from contracts with customers

IFRS 15 will replace IAS 11, "Construction Contracts" and IAS 18, "Revenue" and related interpretations effective for annual periods commencing on or after January 1, 2018. IFRS 15 introduces a new single revenue recognition model for contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The implementation of IFRS 15 did not have a material impact on the consolidated financial statements.

IFRS 2 – Share-based payments

In June 2016, the IASB issued amendments to IFRS 2. These amendments clarify how to account for certain share-based payment transactions, including accounting for cash-settled share-based payment transactions; accounting for share-based payment transactions with net settlement features; and accounting for modifications of share-based payment transactions from cash-settled to equity. IFRS 2 amendments are effective for annual periods beginning on or after January 1, 2018. The amendments to IFRS 2 did not have a material impact on the consolidated financial statements.

Future Accounting Changes

At the date of authorization of these consolidated financial statements, the IASB has issued the following new Standard which is not yet effective for the relevant reporting periods.

IFRS 16 – Leases

IFRS 16 will replace IAS 17, “Leases” and related interpretations effective for annual periods commencing on or after January 1, 2019. Early application is permitted for companies that also apply IFRS 15. IFRS 16 follows a ‘right-of-use’ model which will require leases of more than twelve months to be reported on a company’s financial statements as assets and liabilities, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The Company does not intend to early adopt IFRS 16 and has not yet fully evaluated the impact of this new standard however the impact is not expected to be material.

There are no other IFRSs or IFRIC interpretations that have been issued and are not yet effective that are expected to have a material impact on the Company.

Outlook

The Company has focused exploration efforts on its northern Saskatchewan properties with known gold mineralization located in the La Ronge Gold Belt. Proceeds from the recent financing were used to incur qualifying expenditures on the Company’s gold properties. The Company is assessing future options for the Company’s Jojay, Munro Lake and Jasper gold properties. The Company will also continue to evaluate the potential for the acquisition of other mineral properties that fit the Company’s strategic direction.

Risks and Uncertainties

The Company attempts to mitigate risks by identifying, assessing, reporting and managing risks of significance. The following are risks relating to the business of the Company. This information is only a summary of risks currently facing the Company based on its current stage of development. Additional risks and uncertainties not presently known may also impact the Company’s operations. Management’s view on risks facing the Company will evolve as the Company’s stage of development progresses.

Risks Associated With a Non-Producing Company

The principal risks faced by the Company during the exploration stage involve: Wescan’s ability to obtain financing to further the exploration and development of exploration and evaluation properties in which Wescan holds interests; obtaining the required permits from various federal, provincial and local governmental authorities; and the ultimate economic feasibility of any future development projects.

The further development and exploration of exploration and evaluation properties in which Wescan holds interests or which Wescan acquires may depend upon Wescan’s ability to obtain financing through debt financing, equity financing or other means. The



Company does not have sufficient funds to put any of its property interests into production from its own financial resources. There is no assurance that Wescan will be successful in obtaining required financing as and when needed. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties 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 condition. The relative prices of applicable commodities and future expectations for such prices have a significant impact on the market sentiment for investment in mining and exploration companies.

The future operations of the Company, including exploration activities and potential development of its properties, require permits from various federal, provincial and local governmental authorities. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations. The Company utilizes qualified individuals, service providers and external consultants and maintains communications with governmental authorities to ensure that the Company is in compliance with all applicable rules and regulations.

All of Wescan's exploration and evaluation property interests are currently in the exploration stage and are without a known body of commercial ore. The exploration, development and production of precious metals are capital-intensive, subject to the normal risks and capital expenditure requirements associated with mining operations. While the rewards can be substantial if commercial quantities of precious metals are found, there can be no assurance that Wescan's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable. To ensure that exploration procedures are being performed effectively and those results are interpreted and reported in a proper manner, management ensures that qualified individuals, service providers and external consultants are utilized in the verification and quality assurance of analytical results.

Technical Information

All technical information in this report has been prepared under the supervision of Mark Shimell, P.Geol, Vice President of Exploration, Professional Geoscientist in the Province of Saskatchewan, and is the Company's "Qualified Person" under the definition of National Instrument 43-101.

Caution Regarding Forward-looking Information

This MD&A contains forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of Canadian Securities legislation and the United States Private Securities Litigation Reform Act of 1995. 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, and, in particular, statements regarding Wescan's future operations, future exploration and development activities or other development plans contain forward-looking statements. Forward-

looking statements in this MD&A include, but are not limited to, the ability to raise funds to meet commitments and pursue exploration activities, the use of such funds, future plans for the Jojay, Jasper and Munro Lake properties and the acquisition and exploration of additional properties.

These forward-looking statements are based on Wescan's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but 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, 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 and operational risks and the additional risks described in Wescan's most recently filed annual and interim MD&A, news releases and technical reports. Wescan's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

Although management considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to it, those assumptions may prove to be incorrect. When making decisions with respect to Wescan, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events. Unless required by applicable securities law, Wescan does not undertake to update any forward-looking statement that may be made.

Further information relating to the Company has been filed on SEDAR and may be viewed at www.sedar.com.



WESCAN GOLDFIELDS INC.
Unaudited Condensed Interim Consolidated Financial Statements

**For the three and nine months ended
September 30, 2018**

Notice to Reader

Management has compiled the unaudited condensed interim consolidated financial statements of Wescan Goldfields Inc. for the three and nine months ended September 30, 2018 (along with the comparative interim period in 2017). The Company's external auditors have not reviewed these statements.

Wescan Goldfields Inc.
Consolidated Statements of Financial Position

	(In Canadian dollars)	
	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 170,437	\$ 282,053
Receivables	56,145	272
Prepays	2,265	534
	228,847	282,859
Property and equipment (note 7)	3,256	3,833
	\$ 232,103	\$ 286,692
Liabilities and Shareholders' Equity		
Current liabilities:		
Payables and accrued liabilities (note 8)	\$ 13,890	\$ 249,797
	13,890	249,797
Environmental rehabilitation provision	75,520	75,520
Shareholders' equity:		
Share capital	20,687,794	20,638,794
Contributed surplus	2,523,455	2,443,997
Deficit	(23,068,556)	(23,121,416)
	142,693	(38,625)
	\$ 232,103	\$ 286,692
Going concern (note 3)		

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(unaudited)

	(In Canadian dollars)		(In Canadian dollars)	
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Income				
Interest and other	\$ 76	\$ 198	\$ 398	\$ 695
Expenses				
Exploration and evaluation (note 9)	-	-	56,915	43,502
Administration	9,388	8,243	122,593	126,930
Corporate development	-	-	1,760	434
	<u>9,388</u>	<u>8,243</u>	<u>181,268</u>	<u>170,866</u>
Loss before the undernoted items	(9,312)	(8,045)	(180,870)	(170,171)
Indemnification of flow-through shares (note 8)	<u>233,730</u>	<u>-</u>	<u>233,730</u>	<u>-</u>
Net and comprehensive income (loss)	<u>\$ 224,418</u>	<u>\$ (8,045)</u>	<u>\$ 52,860</u>	<u>\$ (170,171)</u>
Net income (loss) per share				
Basic and diluted	\$ 0.00	\$ (0.00)	\$ 0.00	\$ (0.00)
Weighted average number of shares outstanding	45,084,320	44,459,320	44,800,437	44,459,320

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Condensed Interim Consolidated Statements of Cash Flows
(unaudited)

(In Canadian dollars)
Nine Months Ended
September 30,

	2018	2017
Cash provided by (used in):		
Operations:		
Net and comprehensive income (loss)	\$ 52,860	\$ (170,171)
Non-cash items:		
Amortization	577	722
Fair value of stock options vested	79,458	83,781
Net change in non-cash operating working capital items:		
Receivables	(55,873)	279
Prepays	(1,731)	(1,603)
Payables and accrued liabilities	(235,907)	(7,465)
	(160,616)	(94,457)
Financing:		
Issuance of share capital (net of issue costs) (note 10)	49,000	-
	49,000	-
Increase (decrease) in cash position	(111,616)	(94,457)
Cash and cash equivalents, beginning of period	282,053	382,801
Cash and cash equivalents, end of period	\$ 170,437	\$ 288,344
Cash and cash equivalents consists of:		
Cash	\$ 170,437	\$ 288,344
	\$ 170,437	\$ 288,344

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(unaudited)

(In Canadian dollars)

	Nine Months Ended September 30,		Year Ended December 31,
	2018	2017	2017
Share capital (note 10)			
Balance, beginning of period	\$ 20,638,794	\$ 20,638,794	\$ 20,638,794
Shares issued	49,000	-	-
Balance, end of period	<u>\$ 20,687,794</u>	<u>\$ 20,638,794</u>	<u>\$ 20,638,794</u>
Contributed surplus			
Balance, beginning of period	\$ 2,443,997	\$ 2,360,216	\$ 2,360,216
Share-based payments (note 11)	79,458	83,781	83,781
Balance, end of period	<u>\$ 2,523,455</u>	<u>\$ 2,443,997</u>	<u>\$ 2,443,997</u>
Deficit			
Balance, beginning of period	\$ (23,121,416)	\$ (22,941,940)	\$ (22,941,940)
Net and comprehensive income (loss)	52,860	(170,171)	(179,476)
Balance, end of period	<u>\$ (23,068,556)</u>	<u>\$ (23,112,111)</u>	<u>\$ (23,121,416)</u>
Total Shareholders' Equity	<u>\$ 142,693</u>	<u>\$ (29,320)</u>	<u>\$ (38,625)</u>

See accompanying notes to consolidated financial statements

WESCAN GOLDFIELDS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2018

(In Canadian dollars)

1. Corporate information

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 future development of its current exploration properties. Wescan is located at 600 – 224 4th Avenue South, Saskatoon, Saskatchewan, Canada, S7K 5M5.

2. Basis of preparation

The condensed interim consolidated financial statements of Wescan for the three and nine months ended September 30, 2018 were authorized for issue by the Company’s Audit Committee on, November 27, 2018. These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements. The Company’s financial statements have been prepared on a historical cost basis, except as disclosed, using the Company’s functional currency of Canadian dollars.

3. Going Concern

These financial statements are prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities and commitments in the normal course of business. As at September 30, 2018, the Company had working capital of \$214,957.

These financial statements do not include any adjustments to carrying values and classification of asset amounts and liabilities, reported expense and the statement of financial position classifications used, that would be necessary if the going concern assumption were not appropriate.

4. Summary of significant accounting policies

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those disclosed in Note 4 of the Company’s consolidated financial statements for the year ended December 31, 2017. Accordingly, the condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017.

5. Use of estimates and judgment

In preparing these condensed interim consolidated financial statements, the significant judgments made by management applying the Company’s accounting policies and the key sources of estimation uncertainty are the same as those disclosed in note 5 of the Company’s consolidated financial statements for the year ended December 31, 2017. In particular, the significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are: reserve and resource estimation, impairment of exploration and evaluation assets, environmental rehabilitation provisions, recovery of deferred tax assets and share-based payment transactions.

6. International financial reporting standards (“IFRS”), amendments and interpretations

(a) IFRS standards, amendments and interpretations effective during the period

At the date of authorization of these consolidated financial statements, the IASB has issued the following new Standards which are effective for the relevant reporting periods.

i. IFRS 9 – Financial Instruments

On July 24, 2015 the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39, “Financial Instruments: Recognition and Measurement”, and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The implementation of IFRS 9 did not have a material impact on the consolidated financial statements.

ii. IFRS 15 – Revenue from contracts with customers

IFRS 15 will replace IAS 11, “Construction Contracts” and IAS 18, “Revenue” and related interpretations effective for annual periods commencing on or after January 1, 2018. IFRS 15 introduces a new single revenue recognition model for contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The implementation of IFRS 15 did not have a material impact on the consolidated financial statements.

iii. IFRS 2 – Share Based Payments

In June 2016, the IASB issued amendments to IFRS 2. These amendments clarify how to account for certain share-based payment transactions, including accounting for cash-settled share-based payment transactions; accounting for share-based payment transactions with net settlement features; and accounting for modifications of share-based payment transactions from cash-settled to equity. IFRS 2 amendments are effective for annual periods beginning on or after January 1, 2018. The amendments to IFRS 2 did not have a material impact on the consolidated financial statements.

(b) IFRS standards, amendments and interpretations issued but not yet effective

At the date of authorization of these consolidated financial statements, the IASB has issued the following new Standard which is not yet effective for the relevant reporting periods.

i. IFRS 16 – Leases

IFRS 16 will replace IAS 17, “Leases” and related interpretations effective for annual periods commencing on or after January 1, 2019. Early application is permitted for companies that also apply IFRS 15. IFRS 16 follows a ‘right-of-use’ model which will require leases of more than twelve months to be reported on a company’s financial statements as assets and liabilities, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The Company does not intend to early adopt IFRS 16 and has not yet fully evaluated the impact of this new standard however the impact is not expected to be material.

There are no other IFRSs or IFRIC interpretations that have been issued and are not yet effective that are expected to have a material impact on the Company.

7. Property and equipment

The Company's property and equipment are comprised of the following:

	Computer Software	Computer Equipment	Furniture and Equipment	Total
Cost				
Balance – December 31, 2017	\$ 2,234	\$ 348	\$ 36,925	\$ 39,507
Acquisitions and disposals	-	-	-	-
Balance – September 30, 2018	\$ 2,234	\$ 348	\$ 36,925	\$ 39,507
Accumulated depreciation				
Balance – December 31, 2017	\$ (2,234)	\$ (321)	\$ (33,119)	\$ (35,674)
Charge for the nine month period	-	(6)	(571)	(577)
Balance – September 30, 2018	\$ (2,234)	\$ (327)	\$ (33,690)	\$ (36,251)
Net book value				
Balance – December 31, 2017	\$ -	\$ 27	\$ 3,806	\$ 3,833
Balance – September 30, 2018	\$ -	\$ 21	\$ 3,235	\$ 3,256

8. Payables and accrued liabilities

A summary of the payables and accrued liabilities is as follows:

	September 30, 2018	December 31, 2017
Trade payables and accrued liabilities	\$ 13,890	\$ 16,067
Accrued liabilities relating to 2011 flow-through financing (a)	-	233,730
Balance	\$ 13,890	\$ 249,797

- a. In December 2011, the Company issued flow-through shares for gross proceeds of \$1,000,000. At December 31, 2012, the Company had not spent all amounts related to this flow-through offering. The Company provided an indemnification to subscribers of flow-through shares in an amount equal to the income tax that would be payable by subscribers in the event, and as a consequence, of the Company not incurring and renouncing qualifying expenditures as required under the subscription agreement. The indemnification provision was reversed during the period ended September 30, 2018.

9. Exploration and evaluation expenses

The Company's exploration and evaluation expenses are comprised of the following:

	September 30, 2018	September 30, 2017
Claims maintenance costs (a)	\$ 6,068	\$ 43,502
Field programs (b)	50,847	-
Balance	\$ 56,915	\$ 43,502

- a. During the nine months ended September 30, 2018, the Company incurred expenditures of \$62,000 (2017 - \$43,502) relating to the maintenance of certain mineral claims. As at September 30, 2018, the Company recorded a recovery of \$55,932 relating to previous claims maintenance costs incurred.
- b. During the nine months ended September 30, 2018, the Company incurred exploration and evaluation expenditures of \$50,847 (2017 - \$0) on certain mineral properties.

10. Share capital and reserves

The authorized share capital of the Company consists of an unlimited number of common shares.

Issued and outstanding

	<u>September 30, 2018</u>		<u>September 30, 2017</u>	
	<u>Common Shares</u>	<u>Amount</u>	<u>Common Shares</u>	<u>Amount</u>
Balance - beginning of year	44,459,320	\$ 20,638,794	44,459,320	\$ 20,638,794
Common shares issued (a)	625,000	50,000	-	-
Issue costs		(1,000)		-
Balance – September 30	45,084,320	\$ 20,687,794	44,459,320	\$ 20,638,794

- a. On May 4, 2018, the Company completed a private placement of 625,000 flow-through common shares for aggregate gross proceeds of \$50,000. The pricing of the flow-through share financing was not for a premium over the market price of the Company's common shares. Accordingly, no amount was allocated towards a premium on flow-through shares.

Nature and purpose of reserves

Warrant reserve

On certain issues of common shares, the Company has issued warrants entitling the holder to acquire additional common shares of the Company. The warrant reserve is used to recognize the fair value of outstanding warrants. If the warrant is exercised or expires the fair value is transferred to share capital or contributed surplus, respectively. During the nine months ended September 30, 2018 no warrants were issued or expired.

Contributed Surplus

Contributed surplus is used to recognize the fair value of equity-settled share-based payment transactions. The fair value of these securities is added to contributed surplus over the vesting period of the securities. Upon exercise, the corresponding fair value related to the security is removed from contributed surplus and added to share capital. Should the security go unexercised, the fair value will remain in contributed surplus. The fair value of warrants and broker warrants related to securities that go unexercised is transferred out of the respective reserves into contributed surplus.

11. Share-based payments

The Company has established a share option plan, as approved by the shareholders, whereby options may be granted to directors, officers, employees and service providers to purchase common shares of the Company. Options granted have an exercise price of not less than the closing price quoted on the stock exchange on which the shares are traded on the day prior to the date on which the options were granted. Certain options vest immediately while others vest up to twenty-four months after grant date and all options granted under the plan expire five years from the date of the grant of the options. All options are to be settled by physical delivery of shares.

At September 30, 2018, total options outstanding were 4,190,000 (2017 - 3,720,000) at a weighted average exercise price of \$0.06 (2017 - \$0.07). Options outstanding at September 30, 2018 have exercise prices that range from \$0.05 to \$0.08 (2017 - \$0.05 to \$0.10) and a weighted average contractual life of 3.6 years (2017 - 2.3 years). The options expire between the dates of May 2021 and September 2023.

Option movements (in thousands) during the nine months ended September 30, including weighted average exercise prices are as follows:

	2018		2017	
	Options	Average Price	Options	Average Price
Outstanding – January 1	3,720	\$ 0.07	2,650	\$ 0.06
Granted	1,020	0.08	1,070	0.08
Expired	(550)	0.10	-	-
Outstanding – September 30,	4,190	\$ 0.06	3,720	\$ 0.07

The grant date fair value of stock options issued under the plan is estimated using the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility. The option life is estimated based on the weighted average historical life of options that have been granted by the Company. The inputs used in the measurement of the fair values at grant date of the share-based payments during the nine months ended September 30 are as follows:

	September 30, 2018	September 30, 2017
Share price at grant date	\$ 0.08	\$ 0.08
Exercise price	\$ 0.08	\$ 0.08
Expected volatility	196.5%	205.9%
Option life	5 years	5 years
Expected dividends	0 %	0 %
Expected forfeiture rate	0 %	0 %
Risk-free interest rate	2.15%	0.99%
Fair value at grant date	\$ 0.08	\$ 0.08

The expense related to the Company's share-based payment is recognized in the comprehensive statement of loss for the nine months ended September 30, 2018 in administration expense in the amount of \$79,458 (2017 - \$83,781).

12. Related party transactions

Related party transactions with key management personnel

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. The Company pays or has paid certain of its key management personnel through companies owned by certain executive officers and directors. Those companies are as follows:

MacNeill Brothers Oil and Gas Ltd.

During the nine months ended September 30, 2018, certain of its key management personnel waived their management and consulting fees. Total compensation paid to key management personnel, including amounts paid or payable to related parties owned by key management personnel, executive officers and directors, was comprised of share-based payments of \$73,226 (2017 - \$77,517). These amounts have been included in administration expense on the statement of loss and comprehensive loss. The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The fair value of share-based payments was determined using the Black-Scholes model.

13. Financial instruments

Fair values have been determined for measurement and/or disclosure purposes based on the fair value hierarchy for financial instruments that require fair value measurement after initial recognition. The classification of each financial instrument is described in note 4 of the December 31, 2017 consolidated financial statements.

The carrying amounts for cash and cash equivalents, receivables, and trade payables approximate their fair value due to the short-term nature of these instruments. These financial instruments are carried at amortized costs.

The Company does not have any financial instruments measured at fair value.

Risk management

Certain financial instruments are exposed to the following financial risks:

(a) 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's financial instruments that may have credit risk consist primarily of cash and cash equivalents and receivables. The Company's cash and cash equivalents are held by a financial institution with an A (low) credit rating. The Company may invest excess cash, if any, in guaranteed investment certificates until it is required. The Company's receivables are mainly comprised of GST receivable and/or receivables from government entities and therefore credit risk is minimal. The Company has gross credit exposure at September 30, 2018 relating to cash and cash equivalents and receivables of \$226,582 (December 31, 2017 - \$282,325).

(b) 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, 2018, the Company is committed to current liabilities of \$13,890 (December 31, 2017 - \$249,797) with working capital of \$214,957 (December 31, 2017 - working capital of \$33,062).

(c) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of four types: foreign currency risk, interest rate risk, commodity price risk and equity risk. The Company currently does not have significant exposure to any market risks.

WESCAN GOLDFIELDS INC.



CORPORATE INFORMATION

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Officers

Kenneth E. MacNeill – President and Chief Executive Officer
Greg P. Shyluk – Chief Financial Officer
Mark A. Shimell – Vice President, Exploration

Solicitors

Bennett Jones LLP
Calgary, Alberta

Auditors

KPMG, LLP
Saskatoon, Saskatchewan

Bank

Canadian Western Bank
Saskatoon, Saskatchewan

Exchange Listing

TSX Venture Exchange
45,084,320 common shares issued and outstanding as at November 27, 2018

Trading Symbol:

WGF

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