WESCAN GOLDFIELDS INC.

# 3rd Quarter Report
# September 30, 2021

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

The following discussion and analysis is prepared by Management as of November 25, 2021 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the quarter ended September 30, 2021 ("financial statements for the quarter ended September 30, 2021"), as well as the audited consolidated financial statements and annual MD&A for the year ended December 31, 2020 available on SEDAR at www.sedar.com. Wescan Goldfields Inc. ("Wescan" or "the Company") prepared its financial statements for the period ended September 30, 2021 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

Wescan is a growth oriented mineral exploration company based in Saskatchewan. Wescan is focused on the exploration of its current portfolio of gold properties and the acquisition of new exploration targets. The Company has previously focused exploration efforts on its northern Saskatchewan properties with known gold mineralization located in the La Ronge Gold Belt. No exploration programs were carried out during the nine months ended September 30, 2021. The Company will also continue to evaluate the potential for the acquisition of other mineral properties that fit the Company's strategic direction.

Due to the global COVID-19 pandemic, during 2020 the Government of Saskatchewan waived expenditure requirements for the current term and subsequent twelve months for active mineral claims and leases. As a result, the Company is not required to incur expenditures on certain of the Company's mineral properties during 2021 to keep certain claims in good standing.

### Financial Highlights

Selected financial information of the Company for the three and nine months ended September 30, 2021 and 2020 is summarized as follows:

| | Three Months Ended September 30, 2021 $ | Three Months Ended September 30, 2020 $ | Nine Months Ended September 30, 2021 $ | Nine Months Ended September 30, 2020 $ |
|---|---|---|---|---|
| **Interest and other income** | - | - | - | 11 |
| **Net loss** | 10,237 | 7,268 | 47,720 | 44,294 |
| **Net loss per share (1)** | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total assets** | 10,278 | 74,091 | 10,278 | 74,091 |
| **Working capital (deficit)** | (3,092) | 58,472 | (3,092) | 58,472 |

**(1) Basic and diluted.**

### Results of Operations

For the quarter ended September 30, 2021 the Company recorded a net loss of $10,237 ($0.00 per share) compared to $7,268 ($0.00 per share) for the same period in 2020.

***Expenses***
Total operating expenses for the quarter ended September 30, 2021 were $10,237 compared to $7,268 for the same period of 2020. This increase of $314 is primarily due to slightly higher expenditures incurred relating to regulatory requirements during the quarter ended September 30, 2021 compared to the same period in 2020.

Administration expenses incurred for the quarter ended September 30, 2021 were $10,237 compared to $7,268 for the same period in 2020. Costs in the administration category relate to amortization, office and equipment rent, regulatory requirements and other office related expenses.

During the quarters ended September 30, 2021 and 2020, the Company did not incur exploration and evaluation expenditures or corporate development costs.

***Financing***
No financing activities occurred during the quarters ended September 30, 2021 and September 30, 2020.

## Year to Date

***Results of Operations***
For the nine months ended September 30, 2021, the Company recorded a net loss of $47,720 ($0.00 per share) compared to a net loss of $44,294 ($0.00 per share) for the same period in 2020.

***Expenses***
Total expenditures for the nine months ended September 30, 2021 were $47,720 compared to $44,305 for the same period of 2020. This increase of $536 is primarily due to higher expenditures incurred relating to regulatory requirements during the nine months ended September 30, 2021 compared to the same period in 2020.

During the nine months ended September 30, 2021, the Company did not incur exploration and evaluation expenditures, compared to $200 incurred during the same period in 2020.

Administration expense increased to $47,720 for the nine months ended September 30, 2021 compared to $43,569 for the same period in 2020. Costs in the administration category also relate to amortization, office and equipment rent, regulatory requirements and other office related expenses.

Corporate development costs decreased to $0 for the nine months ended September 30, 2021 compared to $536 for the same period of 2020.

***Financing***
No financing activities occurred during the nine months ended September 30, 2021 and September 30, 2020.

## Summary of Quarterly Results

| | 2021 | | | 2020 | | | | 2019 |
|---|---|---|---|---|---|---|---|---|
| | Qtr 3 | Qtr 2 | Qtr 1 | Qtr 4 | Qtr 3 | Qtr 2 | Qtr 1 | Qtr 4 |
| **Net income (loss)(1) ($)** | **(10,237)** | **(20,475)** | (17,008) | (14,262) | (7,268) | (20,161) | (16,865) | (51,973) |
| **Net income (loss) / share (2) ($)** | **(0.00)** | **(0.00)** | (0.00) | (0.00) | 0.00 | (0.00) | (0.00) | (0.00) |
| **Shares outstanding** | **45,084,320** | **45,084,320** | 45,084,320 | 45,084,320 | 45,084,320 | 45,084,320 | 45,084,320 | 45,084,320 |

*(1) Net loss for the fourth quarter of 2019 was higher due to higher exploration and evaluation expenditures incurred. The remaining quarters reflect normal operations of the Company.*
*(2) Basic and diluted.*

## Related Party Transactions

During the nine months ended September 30, 2021, 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 $0 (2020 - $0).

## 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.

As at September 30, 2021, the Company had a working capital deficit of $3,092 compared to working capital of $44,333 at December 31, 2020. Included in the working capital deficit at September 30, 2021 are payables and accrued liabilities of $11,707 (December 31, 2020 - $17,360).

Working capital as at September 30, 2021 is not sufficient to fund the minimum expenditures the Company must incur to sustain its operations through 2021 and beyond. As such, there is a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

## Capital Resources and Outstanding Share Data

As at September 30, 2021 the Company had 45,084,320 shares outstanding and 4,190,000 options with a weighted average exercise price of $0.06. As at November 25, 2021, the Company's issued and outstanding shares and outstanding options remain unchanged from September 30, 2021. During the quarter ended June 30, 2021, the Company extended the expiry date of an aggregate of 2,100,000 stock options (collectively, the "Options") issued during the month of May 2016 with exercise prices of $0.05 per option share, to the date that is seven years from grant date of the Options (see News Release dated May 7, 2021).

## Financial Instruments

As at September 30, 2021, 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 therefore credit risk is minimal. The Company has gross credit exposure at September 30, 2021 relating to cash and cash equivalents and receivables of $6,007 (December 31, 2020 - $61,693).

***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, 2021, the Company is committed to current liabilities of $11,707 (December 31, 2020 - $17,360) with a working capital deficiency of $3,092 (December 31, 2020 – working capital of $44,333). The Company has assessed that working capital may not be sufficient to fund the minimum expenditures the Company must incur to sustain its operations through 2021 and beyond.

Due to the global COVID-19 pandemic, the Government of Saskatchewan waived expenditure requirements for the current term and subsequent twelve months for active mineral claims and leases. As a result, as at September 30, 2021, all of the Company's mineral property claims are in good standing with no requirement to incur expenditures on the Company's mineral properties in 2021.

The further exploration, evaluation and/or development of exploration and evaluation properties in which the Company holds interests or which the Company acquires may depend upon the Company's ability to obtain financing through equity issues or other forms of financing. 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 exploration plans, forfeit rights in its properties or reduce or terminate its operations.

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

## Accounting Changes

### *Future Accounting Changes*

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

<u>IAS 16 – Property, Plant and Equipment</u>

On May 14, 2020, the IASB issued an amendment to IAS 16 Property, Plant and Equipment to prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items, and the cost of producing those items are to be recognized in profit and loss. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendment is to be applied retrospectively only to items of property, plant and equipment that are brought to the location and in a condition necessary for them to be capable of operating in the manner intended by management on or after the earliest period presented in the financial statements in the year in which the amendments are first applied. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

<u>IAS 37 – Provisions, Contingent Liabilities and Contingent Assets</u>

On May 14, 2020, the IASB issued an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to the contract can either be incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022 with early adoption permitted. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

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. 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 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.

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 equity financing, debt 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.

A local epidemic or a major global pandemic (e.g. COVID-19) could have a material adverse impact on the Company's ability to operate due to worker absences, supply chain disruptions, information technology system constraints, government interventions, market volatility and overall economic uncertainty. There can be no assurance that a local epidemic or a major global pandemic will not impact the Company's personnel and ultimately its operations. The Company's operations depend on uninterrupted supply of key consumables, equipment and components, which may be impacted by matters outside of the Company's control or ability to mitigate. These conditions may include global events such as the COVID-19 pandemic which may impact the Company's operations.

## Technical Information

All technical information in this report has been prepared under the supervision of Mark Shimell, P.Geo, 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, impact to the markets in which Wescan operates and to the Company's activities due to the continued spread of COVID-19, 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, 2021**

## 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, 2021 (along with the comparative interim periods in 2020). The Company’s external auditors have not reviewed these statements.

**Wescan Goldfields Inc.**

**Consolidated Statements of Financial Position**

| | (In Canadian dollars) | |
|---|---|---|
| | September 30, 2021 | December 31, 2020 |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 5,755 | $ 61,340 |
| Receivables | 252 | 353 |
| Prepaids | 2,608 | - |
| | 8,615 | 61,693 |
| Property and equipment | 1,663 | 1,958 |
| | $ 10,278 | $ 63,651 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities: | | |
| Payables and accrued liabilities | $ 11,707 | $ 17,360 |
| | 11,707 | 17,360 |
| Environmental rehabilitation provision | 75,520 | 75,520 |
| Shareholders' equity: | | |
| Share capital | 20,687,794 | 20,687,794 |
| Contributed surplus | 2,523,455 | 2,523,455 |
| Deficit | (23,288,198) | (23,240,478) |
| | (76,949) | (29,229) |
| | $ 10,278 | $ 63,651 |

Going concern (note 3)

See accompanying notes to consolidated financial statements

**Wescan Goldfields Inc.**

**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(unaudited)

| | (In Canadian dollars) | | (In Canadian dollars) | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| **Income** | | | | |
| Interest and other | $ - | $ - | $ - | $ 11 |
| **Expenses** | | | | |
| Exploration and evaluation (note 7) | - | - | - | 200 |
| Administration | 10,237 | 7,268 | 47,720 | 43,569 |
| Corporate development | - | - | - | 536 |
| | 10,237 | 7,268 | 47,720 | 44,305 |
| **Net loss and comprehensive loss** | $ (10,237) | $ (7,268) | $ (47,720) | $ (44,294) |
| **Net loss and comprehensive loss per share** | | | | |
| Basic and diluted | $ (0.00) | $ (0.00) | $ (0.00) | $ (0.00) |
| **Weighted average number of shares outstanding** | 45,084,320 | 45,084,320 | 45,084,320 | 45,084,320 |

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, 2021 | 2020 |
|---|---|---|
| **Cash provided by (used in):** | | |
| **Operations:** | | |
| Net loss and comprehensive loss | $ (47,720) | $ (44,294) |
| Non-cash items: | | |
| Amortization | 295 | 368 |
| Net change in non-cash operating working capital items: | | |
| Receivables | 101 | 1,954 |
| Prepaids | (2,608) | (1,146) |
| Payables and accrued liabilities | (5,653) | (2,124) |
| | (55,585) | (45,242) |
| **Decrease in cash position** | (55,585) | (45,242) |
| **Cash and cash equivalents, beginning of period** | 61,340 | 115,320 |
| **Cash and cash equivalents, end of period** | $ 5,755 | $ 70,078 |
| **Cash and cash equivalents consists of:** | | |
| Cash | $ 5,755 | $ 70,078 |
| | $ 5,755 | $ 70,078 |

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, |
| | 2021 | 2020 | 2020 |
| **Share capital (note 8)** | | | |
| Balance, beginning of period | $ 20,687,794 | $ 20,687,794 | $ 20,687,794 |
| Shares issued (net of costs) | - | - | - |
| Balance, end of period | $ 20,687,794 | $ 20,687,794 | $ 20,687,794 |
| **Contributed surplus** | | | |
| Balance, beginning of period | $ 2,523,455 | $ 2,523,455 | $ 2,523,455 |
| Share-based payments | - | - | - |
| Balance, end of period | $ 2,523,455 | $ 2,523,455 | $ 2,523,455 |
| **Equity (Deficit)** | | | |
| Balance, beginning of period | $ (23,240,478) | $ (23,181,922) | $ (23,181,922) |
| Net and comprehensive loss | (47,720) | (44,294) | (58,556) |
| Balance, end of period | $ (23,288,198) | $ (23,226,216) | $ (23,240,478) |
| **Total shareholders' equity (deficit)** | $ (76,949) | $ (14,967) | $ (29,229) |

See accompanying notes to consolidated financial statements

## 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 4$^{th}$ 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, 2021 were authorized for issue by the Company's Audit Committee on November 25, 2021. 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. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that cast significant doubt upon the Company's ability to continue as a going concern. As at September 30, 2021, the Company had a working capital deficit of $3,092. Given that cash flows from operations are negative, the ability of the Company to continue as a going concern and fund general and administrative expenses in an orderly manner will require further equity issues or other forms of financings in 2021 and beyond. In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus known as COVID-19. The duration and magnitude of the impact on the economy and equity markets are not known at this time. An extended disruption to equity markets may affect the Company's ability to obtain additional financing. There is no assurance that the Company will be successful in obtaining required financing on terms acceptable to the Company and when needed or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration and/or evaluation plans, forfeit rights in its properties or reduce or terminate its operations.

These financial statements do not include any adjustments to carrying values and classification of asset amounts and liabilities, reported expenses 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, 2020. Accordingly, the condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

## 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, 2020. In particular, the significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are: reserve and resource estimation, environmental rehabilitation provisions and share-based payment transactions.

## 6. IFRS standards, amendments and interpretations

(a) IFRS standards issued but not yet effective

IAS 16 – Property, Plant and Equipment

On May 14, 2020, the IASB issued an amendment to IAS 16 Property, Plant and Equipment to prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items, and the cost of producing those items are to be recognized in profit and loss. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendment is to be applied retrospectively only to items of property, plant and equipment that are brought to the location and in a condition necessary for them to be capable of operating in the manner intended by management on or after the earliest period presented in the financial statements in the year in which the amendments are first applied. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

On May 14, 2020, the IASB issued an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to the contract can either be incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022 with early adoption permitted. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

At the date of authorization of these consolidated financial statements, 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. Exploration and evaluation expenses

The Company is assessing options for future work on its portfolio of gold properties. During the nine months ended September 30, 2021, the Company did not incur exploration and evaluation expenditures (2020 – $200). Due to the global COVID-19 pandemic, during 2020 the Government of Saskatchewan waived expenditure requirements for the current term and subsequent twelve months for active mineral claims and leases. As a result, the Company is not required to incur expenditures on certain of the Company's mineral properties during 2021 to keep certain claims in good standing.

## 8. Share capital and reserves

The authorized share capital of the Company consists of an unlimited number of common shares. As at September 30, 2021 the Company had 45,084,320 shares outstanding (December 31, 2020 – 45,084,320). No common shares were issued during the nine months ended September 30, 2021 and September 30, 2020.

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, 2021 and September 30, 2020 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 in the year of expiry.

## 9. Share-based payments

The Company has established a share option plan, as approved by the shareholders, whereby each option may be granted to directors, officers, employees and service providers to purchase one common share of the Company. Options granted have an exercise price of not less than the closing price quoted on the TSX Venture exchange for the common shares of the Company on the trading 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. During the nine months ended September 30, 2021 no options were issued or expired.

At September 30, 2021, total options outstanding were 4,190,000 (2020 – 4,190,000 at a weighted average exercise price of $0.06 (2020 – $0.06). Options outstanding at September 30, 2021 have exercise prices that range from $0.05 to $0.08 (2020 – $0.05 to $0.08) and a weighted average contractual life of 1.3 years (2020 – 1.6 years). During 2021, the Company extended the expiry date of an aggregate of 2,100,000 stock options (collectively, the "Options") issued during the month of May 2016 with exercise prices of $0.05 per option share, to the date that is seven years from grant date of the Options. As a result, as at September 30, 2021, the Company's outstanding options expire between the dates of May 2022 and June 2023.

## 10. 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 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, 2021, 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 $0 (2020 - $0).

## 11. 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, 2020 consolidated financial statements.

The carrying amounts for cash and cash equivalents, receivables, and payables and accrued liabilities 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 therefore credit risk is minimal. The Company has gross credit exposure at September 30, 2021 relating to cash and cash equivalents and receivables of $6,007 (December 31, 2020 - $61,693).

(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, 2021, the Company is committed to current liabilities of $11,707, with a working capital deficit of $3,092. Based on the above, the Company does not have sufficient resources to fund ongoing operational expenses through 2021 and beyond.

The further exploration, evaluation and/or development of exploration and evaluation properties in which the Company holds interests or which the Company acquires may depend upon the Company's ability to obtain financing through equity issues or other forms of financing. 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 exploration plans, forfeit rights in its properties or reduce or terminate its operations.

(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 process are comprised of four types of risk: 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

**Head Office**
600, 224 – 4th Ave. South
Saskatoon, Saskatchewan
Canada   S7K 5M5
Tel: (306) 664-2202
Fax: (306) 664-7181

**Directors**
Kenneth E. MacNeill
Harvey J. Bay
Val L. Michasiw
Gary L. Billingsley

**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 25, 2021

**Trading Symbol:**
WGF

**Website:**
www.wescangoldfields.com

**Email:**
info@wescangoldfields.com