

WESCAN GOLDFIELDS INC.



1st Quarter Report
March 31, 2014

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

The following discussion and analysis is prepared by Management as of May 28, 2014 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the quarter ended March 31, 2014 ("financial statements for the quarter ended March 31, 2014"), as well as the audited consolidated financial statements and annual MD&A for the year ended December 31, 2013 available on SEDAR at www.sedar.com. Wescan Goldfields Inc. ("Wescan" or "the Company") prepared its financial statements for the period ended March 31, 2014 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

The Company is currently assessing options for future work on its portfolio of gold properties in the La Ronge Gold Belt in northern Saskatchewan. During the second quarter of 2013, the Company announced the results of the winter drill program on the Munro Lake property (see Wescan News Release dated June 17, 2013). During 2013 the Company also performed a drill program to further evaluate the Jasper property. This drill program focused on infill/confirmation drilling and was designed to investigate and confirm an area of significant mineralization adjacent to the old mine workings based on historical drilling results. Results of the drilling program will be announced once available.

Financial Highlights

Selected financial information of the Company for the three months ended March 31, 2014 and 2013 is summarized as follows:

	Three Months Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Interest and other income	-	306
Net and comprehensive loss	16,420	199,399
Net loss per share ⁽¹⁾	0.00	0.01
Total assets	29,861	216,322
Working capital (deficiency)	(608,860)	(359,490)

(1) Basic and diluted.

Results of Operations

For the quarter ended March 31, 2014 the Company recorded a net loss of \$16,420 (\$0.00 per share) compared to \$199,399 (\$0.01 per share) for the same period in 2013. This decrease of \$182,979 is primarily related to the decrease in exploration and evaluation expenditures incurred compared to the same period in 2013. Also contributing to this decrease were lower administration expenditures incurred.

Expenses

Total operating expenses for the quarter ended March 31, 2014 were \$16,420 compared to \$208,432 for the same period of 2013. This decrease of \$192,012 is primarily related



to the \$117,284 decrease in exploration and evaluation expenditures incurred compared to the same period in 2013.

Exploration expenditures during the quarter ended March 31, 2014 were \$0 compared to \$117,284 during the same quarter of 2013. The Company is currently assessing options for future work on its portfolio of gold properties and as such no exploration and evaluation expenditures were incurred. Exploration work performed during the quarter ending March 31, 2013 was primarily related to the winter drill program performed on the Company's Munro Lake property.

Administration expenses incurred for the quarter ended March 31, 2014 were \$16,420 compared to \$88,868 for the same period in 2013. This \$72,448 decrease was primarily due to lower compensation costs incurred as a result of a concerted effort to reduce costs. For the quarter ended March 31, 2014, total compensation costs were \$0, compared to \$54,266 for the same period in 2013. Approximately sixty-one percent (\$54,266) of the administration expenses for the quarter ended March 31, 2013 were made up of compensation costs comprised of wages and benefits of personnel and share-based payments. There were no share based payment expenses incurred during the quarter ended March 31, 2014 (March 31, 2013 - \$24,675). The remaining costs in the administration category related to amortization, insurance, office and equipment rent, office supplies, regulatory requirements and other office related expenses, which also decreased from period to period as a result of efforts to reduce costs.

Corporate development costs decreased to \$0 in the first quarter of 2014 compared to \$2,280 for the same period in 2013 as a result of efforts to reduce costs.

Premium on flow-through shares

The Company issued flow-through shares during 2012 for a premium over the market value of the shares for the income tax deduction investors receive from the Company for incurring qualifying exploration expenditures. The premium over the market value of the shares is recognized as a liability until such time as the Company incurs qualifying exploration expenditures. Based on the amount of exploration expenditures incurred by the Company during the first quarter of 2013, the Company recognized income of \$46,914 in the statement of loss and comprehensive loss for the quarter ended March 31, 2013.



Summary of Quarterly Results

	2014	2013				2012		
	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$
Revenues ⁽¹⁾	-	-	-	39	306	46	58	142
Net loss ⁽²⁾	(16,420)	(102,607)	(37,128)	(63,671)	(199,399)	(1,752,686)	(144,920)	(269,384)
Net loss/share ⁽³⁾	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.14)	(0.01)	(0.02)
Shares outstanding ⁽⁴⁾	19,573,796	19,573,796	19,573,796	19,573,796	19,573,796	19,573,796	12,673,796	12,673,796

- (1) The Company's revenues are comprised of interest earned on cash balances.
- (2) The net loss during the fourth quarter of 2012 was primarily related to impairments of exploration and evaluation assets of the Company. The net losses in the second and third quarters of 2012 and the first quarter of 2013 were higher due to the amount of exploration and evaluation expenditures incurred. The remaining quarters reflect normal operations of the Company.
- (3) Basic and diluted loss/share adjusted retrospectively for 2012 share consolidation.
- (4) During the third quarter of 2012 the Company proceeded with the consolidation of the outstanding shares of the Company. The consolidation was on the basis of one post-consolidation share for every ten pre-consolidation common shares. The Company's post-consolidation issued and outstanding common shares were 12,673,796 (126,737,835 pre-consolidation). Shares outstanding for all previous quarters are presented on an adjusted post-share consolidation basis. The increase in shares during the fourth quarter of 2012 was the result of the Company completing a private placement.

Related Party Transactions

During the quarter ended March 31, 2014, Mr. Kenneth E. MacNeill (Chief Executive Officer), through his respective consulting company, waived his management fees. Total compensation paid to officers and to key management and directors of the Company during the quarter ended March 31, 2014 was \$0 (2013 - \$47,470, which is included in administration expense). Included in the 2013 amounts are share-based payment transactions.

The above transactions were in the normal course of operations and are measured at an amount agreed to by the related parties. The fair value of 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.

As at March 31, 2014, the Company had a working capital deficiency of \$608,860 as compared to a working capital deficiency of \$592,913 at December 31, 2013. The Company currently does not have sufficient resources to finance operating and exploration activities through its 2014 fiscal year, conditions which raise significant



doubt about the Company's ability to continue as a going concern. The Company is assessing opportunities to address the issue of liquidity.

Capital Resources and Outstanding Share Data

As at March 31, 2014 the Company had 19,573,796 shares outstanding. In addition, at March 31, 2014 the Company had 5,150,000 warrants and 1,100,000 options with weighted average exercise post-consolidation prices of \$0.10, and \$0.55, respectively. As at May 28, 2014, the Company's issued and outstanding shares and warrants remained unchanged from March 31, 2014 while options decreased by 90,000 to 1,010,000 due to expiries. In the event all warrants and options at May 28, 2014 were exercised, the Company would be required to issue a further 6,160,000 common shares for gross cash proceeds of \$1.1 million.

Financial Instruments

As at March 31, 2014, 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 March 31, 2014 relating to cash and cash equivalents and receivables of \$14,002 (December 31, 2013 - \$32,356).

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 March 31, 2014, the Company is committed to payables and accrued liabilities of \$631,040. As at March 31, 2014, the Company had a working capital deficiency of \$608,860. Based on the above obligations, the Company does not have sufficient resources to meet these obligations as they become due.

The Company is pursuing options to meet these obligations, to finance the future exploration of its properties as well as for general and administrative expenses of the Company. Financing options may include joint ventures 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 March 31, 2014 all of the



Company's mineral property claims are in good standing with no requirements to incur further exploration and evaluation costs until 2017.

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

Future Accounting Changes

At the date of authorization of the financial statements for the period ended March 31, 2014, the IASB has issued the following new Standard which is not yet effective for the relevant reporting periods.

IFRS 9 – Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains, but simplifies, the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The required adoption date for IFRS 9 has been deferred. The Company does not intend to early adopt IFRS 9 and has not yet fully evaluated the impact of this new standard.

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

Outlook

The Company has focused previous exploration efforts on its northern Saskatchewan properties with known gold mineralization located in the La Ronge Gold Belt. The Company's success in raising flow-through financing during 2011 and 2012 allowed it to perform further exploration work in 2013 on the Company's Jojay, Munro Lake and Jasper gold properties. The Company is currently assessing options for future work on these properties. The Company will also continue to evaluate the potential for the acquisition of other mineral properties that fit the Company's strategic direction. The Company will be required to raise additional funds to meet its current commitments as well as for ongoing working capital requirements. There is no assurance that the Company will be successful in obtaining required financing when needed or at all.

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.

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.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, 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 Months Ended
March 31, 2014

Notice to Reader

Management has compiled the unaudited condensed interim consolidated financial statements of Wescan Goldfields Inc. for the three months ended March 31, 2014 (along with the comparative interim periods in 2013). The Company's external auditors have not reviewed these statements.

Wescan Goldfields Inc.
Condensed Interim Consolidated Statements of Financial Position

	(In Canadian dollars)	
	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,272	\$ 26,072
Receivables	1,730	6,284
Prepays	8,178	3,581
	22,180	35,937
Property and equipment (note 7)	8,931	9,404
	\$ 31,111	\$ 45,341
Liabilities and Shareholders' Equity		
Current liabilities:		
Payables and accrued liabilities	\$ 631,040	\$ 628,850
Environmental rehabilitation provision	75,520	75,520
Shareholders' equity:		
Share capital	19,716,664	19,716,664
Warrants and broker warrants	144,200	144,200
Contributed surplus	2,172,516	2,172,516
Deficit	(22,708,829)	(22,692,409)
	(675,449)	(659,029)
	\$ 31,111	\$ 45,341
Going concern (note 3)		

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

	(In Canadian dollars)	
	Three Months Ended	
	March 31,	
	2014	2013
Income		
Interest and other	\$ -	\$ 306
Expenses		
Exploration and evaluation (note 8)	-	117,284
Administration	16,420	88,868
Corporate development	-	2,280
	16,420	208,432
Loss before the undernoted items	(16,420)	(208,126)
Loss on disposal of property and equipment	-	(38,187)
Flow-through share premium recovery (note 9)	-	46,914
	(16,420)	(199,399)
Net loss and comprehensive loss	\$ (16,420)	\$ (199,399)
Net loss and comprehensive loss per share		
Basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding	19,573,796	19,573,796

See accompanying notes to consolidated financial statements

Wescan Goldfields Inc.
Condensed Interim Consolidated Statements of Cash Flows

	(In Canadian dollars)	
	Three Months Ended	
	March 31,	
	2014	2013
Cash provided by (used in):		
Operations:		
Net loss	\$ (16,420)	\$ (199,399)
Adjustments:		
Amortization	473	3,118
Loss on disposal of property and equipment	-	38,187
Fair value of stock options vested	-	24,675
Flow-through share premium recovery	-	(46,914)
Net change in non-cash operating working capital items:		
Receivables	4,554	89,441
Prepays	(4,597)	(16,572)
Payables and accrued liabilities	2,190	(55,594)
	(13,800)	(163,058)
Investing:		
Property and equipment	-	2,402
	-	2,402
Increase (decrease) in cash position	(13,800)	(160,656)
Cash and cash equivalents, beginning of period	26,072	333,352
Cash and cash equivalents, end of period	\$ 12,272	\$ 172,696
Cash and cash equivalents consists of:		
Cash	\$ 12,272	\$ 172,696
	\$ 12,272	\$ 172,696

See accompanying notes to consolidated financial statements

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

(In Canadian dollars)

	Three Months Ended		Year Ended
	March 31,		December 31,
	2014	2013	2013
Share capital (note 10)			
Balance, beginning of period	\$ 19,716,664	\$ 19,716,664	\$ 19,716,664
Private placements	-	-	-
Share issue costs	-	-	-
Balance, end of period	<u>\$ 19,716,664</u>	<u>\$ 19,716,664</u>	<u>\$ 19,716,664</u>
Warrants (note 10)			
Balance, beginning of period	\$ 144,200	\$ 144,200	\$ 144,200
Issued	-	-	-
Expired	-	-	-
Balance, end of period	<u>\$ 144,200</u>	<u>\$ 144,200</u>	<u>\$ 144,200</u>
Broker warrants (note 10)			
Balance, beginning of period	\$ -	\$ 8,000	\$ 8,000
Expired	-	-	(8,000)
Balance, end of period	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ -</u>
Contributed surplus (note 10)			
Balance, beginning of period	\$ 2,172,516	\$ 2,139,841	\$ 2,139,841
Share-based payments	-	24,675	24,675
Warrants expired	-	-	-
Broker warrants expired	-	-	8,000
Balance, end of period	<u>\$ 2,172,516</u>	<u>\$ 2,164,516</u>	<u>\$ 2,172,516</u>
Deficit			
Balance, beginning of period	\$ (22,692,409)	\$ (22,289,604)	\$ (22,289,604)
Net and comprehensive loss	(16,420)	(199,399)	(402,805)
Balance, end of period	<u>\$ (22,708,829)</u>	<u>\$ (22,489,003)</u>	<u>\$ (22,692,409)</u>
Total Shareholders' Equity	<u>\$ (675,449)</u>	<u>\$ (455,623)</u>	<u>\$ (659,029)</u>

See accompanying notes to consolidated financial statements

WESCAN GOLDFIELDS INC.

Notes to the Condensed Interim Consolidated Financial Statements (for the three months ended March 31, 2014)
(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 300 – 224 4th Avenue South, Saskatoon, Saskatchewan, Canada.

2. Basis of preparation

The condensed interim consolidated financial statements of Wescan for the three months ended March 31, 2014 were authorized for issue by the Company’s Audit Committee on May 28, 2014. 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. At March 31, 2014, the Company had an accumulated deficit of \$22,708,829, a shareholders’ deficit of \$675,449 and a working capital deficiency of \$608,860 and as discussed in note 13, the Company currently does not have sufficient resources to finance operating and exploration activities through its 2014 fiscal year. The ability of the Company to continue as a going concern and fund future exploration of its properties as well as general and administrative expenses in an orderly manner will require further equity issues or other forms of financings in 2014. There is no assurance that the Company will be successful in obtaining required financing at an acceptable cost as and 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.

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, 2013. Accordingly, the condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2013.

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, 2013. 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. IFRS standards, amendments and interpretations

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

At the date of authorization of these consolidated financial statements, the International Accounting Standards Board (“IASB”) has issued the following new Standard which is not yet effective for the relevant reporting periods:

IFRS 9 – Financial Instruments

IFRS 9 is part of the IASB’s wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains, but simplifies, the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The required adoption date for IFRS 9 has now been deferred. The Company does not intend to early adopt IFRS 9 and has not yet fully evaluated the impact of this new standard.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be 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, 2013	\$ 2,234	\$ 348	\$ 36,925	\$ 39,507
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Balance – March 31, 2014	\$ 2,234	\$ 348	\$ 36,925	\$ 39,507
Accumulated depreciation				
Balance – December 31, 2013	\$ (2,234)	\$ (235)	\$ (27,634)	\$ (30,103)
Charge for the three month period	-	(8)	(465)	(473)
Eliminated on disposal	-	-	-	-
Balance – March 31, 2014	\$ (2,234)	\$ (243)	\$ (28,099)	\$ (30,576)
Net book value				
Balance – December 31, 2013	\$ -	\$ 113	\$ 9,291	\$ 9,404
Balance – March 31, 2014	\$ -	\$ 105	\$ 8,826	\$ 8,931

8. Exploration and evaluation expenses

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

	March 31, 2014	March 31, 2013
Exploration and evaluation expenses		
Jojay (a)	\$ -	\$ 2,073
Fork Lake/Jasper/Tamar (b)	-	95
Munro (c)	-	115,116
Total	\$ -	\$ 117,284

a. Jojay

During 2012, the Company completed a drilling program on this property. The costs incurred during 2013 primarily relate to this program.

b. Fork Lake/Jasper/Tamar

Expenditures incurred during 2013 related to a review of historical drilling and geological data.

c. Munro

Expenditures incurred during 2013 relate to a winter drilling program on this property.

9. Premium on flow-through shares

The Company, when issuing flow-through shares, will receive a premium over the market value of the shares as the Company has allowed the investor the deduction for its expenses incurred on qualifying exploration expenditures. As the Company incurs the qualifying expenditures, the liability to the investor is satisfied and accordingly the premium received on the initial issue of share capital is recognized in income. A summary of the activity related to the premium on flow-through shares is as follows:

	Issued December 2012
Balance – December 31, 2012	\$ 84,000
Settlement of flow-through share liability by incurring expenditures	(46,914)
Balance – March 31, 2013	\$ 37,086

In December 2012, the Company issued flow-through shares for gross proceeds of \$210,000. The premium was determined to be \$84,000.

10. Share capital and reserves

The authorized share capital of the Company consists of an unlimited number of common shares. As at March 31, 2014 the Company had 19,573,796 shares outstanding. No common shares were issued during the three months ended March 31, 2014.

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. As at March 31, 2014 the Company had 5,150,000 warrants at a weighted average price of \$0.10. No warrants were issued or expired during the three months ended March 31, 2014.

Broker warrants reserve

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 to 24 months after closing. The broker warrant reserve is used to recognize the fair value of outstanding warrants. If the broker warrant is exercised or expires the fair value is transferred to

share capital or contributed surplus, respectively. No broker warrants were issued or expired during the three months ended March 31, 2014.

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 March 31, 2014, total options outstanding were 1,100,000 (2013 – 1,330,000) at a weighted average exercise price of \$0.55 (2013 – \$0.84). The options outstanding at March 31, 2014 have exercise prices that range from \$0.10 to \$1.60 (2013 – \$0.10 to \$9.10) and a weighted average contractual life of 3.0 years (2013 – 3.6 years). The options expire between the dates of April 2014 and March 2018.

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.

Compensation of key management personnel, including amounts paid or payable to related parties owned by key management personnel, executive officers and directors, is as follows:

	March 31, 2014	March 31, 2013
Wages and short-term benefits to officers and directors	\$ -	\$ 25,595
Consulting and management fees to related companies	-	-
Share-based payments	-	21,875
Total compensation paid to key management personnel	\$ -	\$ 47,470

During the three months ended March 31, 2014, certain of its key management personnel waived their management and consulting fees.

The above amounts have been included in administration expense on the statements 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, 2013 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 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 March 31, 2014 relating to cash and cash equivalents and receivables of \$14,002 (December 31, 2013 - \$32,356).

(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 March 31, 2014, the Company is committed to trade payables of \$631,040. As at March 31, 2014, the Company had a working capital deficiency of \$608,860. Based on the above obligations, the Company does not have sufficient resources to meet these obligations as they become due.

The Company is pursuing options to meet these obligations, to finance the future exploration of its properties as well as for general and administrative expenses of the Company. Financing options may include joint ventures 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.

(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

Head Office

300, 224 – 4th Ave. South
Saskatoon, Saskatchewan
Canada S7K 5M5
Tel: (306) 664-2422
Fax: (306) 664-7181

Directors

Kenneth E. MacNeill
Harvey J. Bay
Arnie E. Hillier
Val L. Michasiw
Gary L. Billingsley

Officers

Kenneth E. MacNeill – 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
19,573,796 common shares issued and outstanding as at May 28, 2014

Trading Symbol:

WGF

Website:

www.wescangoldfields.com

Email:

info@wescangoldfields.com