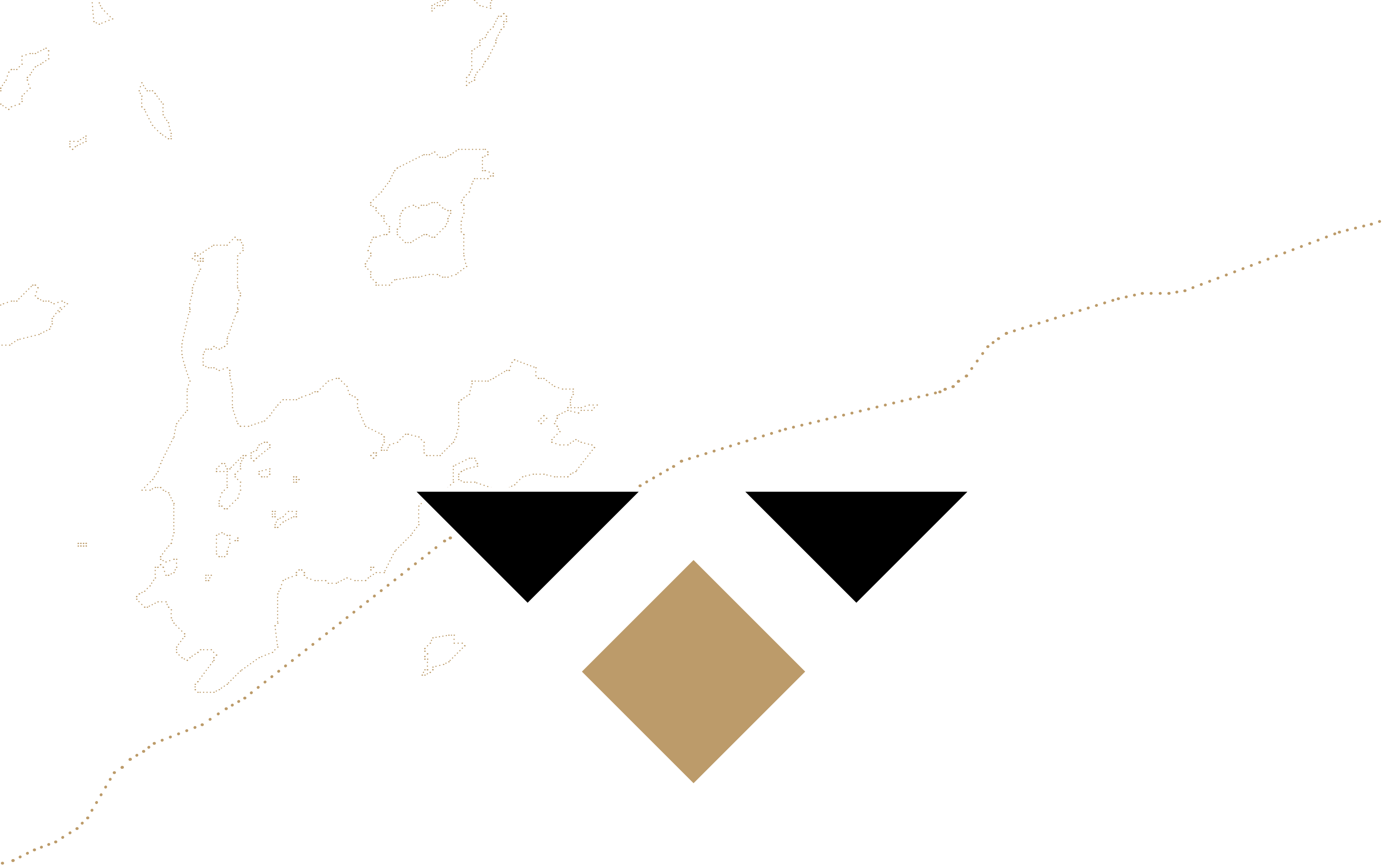
WESCAN

GOLDFIELDS INC.

ANNUAL REPORT 2010



INTRODUCTION

Wescan Goldfields Inc. ("Wescan") is a Canadian based exploration and development company with its head office in the city of Saskatoon, Saskatchewan, Canada. The Company's portfolio of mineral assets consists of gold and coal properties in Saskatchewan.

Wescan's objective is to significantly enhance shareholder value through exploration, development and growth. The Company is continuing the exploration of its current portfolio of properties to advance them to the development stage as well as actively pursuing new opportunities in both Canada and internationally.

The common shares of Wescan Goldfields Inc. trade on the TSX Venture Exchange (TSX-V) under the trading symbol "WGF".

The Annual General and Special Meeting of the Shareholders of Wescan Goldfields Inc. will be held in Saskatoon at the Radisson Hotel in the Picasso Room on the main level at 10:00 a.m. on Wednesday June 22nd, 2011. Shareholders are encouraged to attend. Those unable to do so should complete the form of Proxy included with the Shareholder Information Circular and forward it to Valiant Trust Company no later than 24 hours before the meeting.

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MESSAGE
to shareholders

Dear Shareholders,

The 2010 year was one of perseverance and survival for Wescan Goldfields Inc. The economic downturn in the economy that started in 2008 significantly set back Wescan's growth strategy. We have weathered the fallout of this downturn with our property portfolio intact. We continue to believe our properties hold great potential and we are looking forward to proving just that. Our recent success in raising capital has strengthened our balance sheet to the point where we can get back to our original objectives of growing the Company through further exploration of our gold and coal properties as well as looking at other opportunities as they present themselves.

With the significant escalation in the price of gold, the Company believes the timing is right to focus exploration on our properties of known gold mineralization. I believe we need to take advantage of the current unprecedented price of gold in establishing our 2011 exploration plan. With that said, this year's plan is looking at expanding the Jojay gold resource, revisiting the Jasper gold property and doing some preliminary work on the Munro gold property. The Munro property is one that has seen limited work to date, but we believe it to have great potential given its proximity to the Seabee Gold Mine and other deposits in the area. We also remain committed to our coal holdings and will determine if more immediate work is warranted based on the review currently underway.

We would like to thank our shareholders for their patience and continued support through this adverse past year. The financing required is now in place to move our exploration plans forward in 2011. We are confident that the combination of passion and depth of experience from management, along with the guidance from our insightful Board of Directors will serve the Company and its dedicated shareholders well as Wescan looks to the future.

Darren S. Anderson
President

PROPERTY DISCUSSIONS

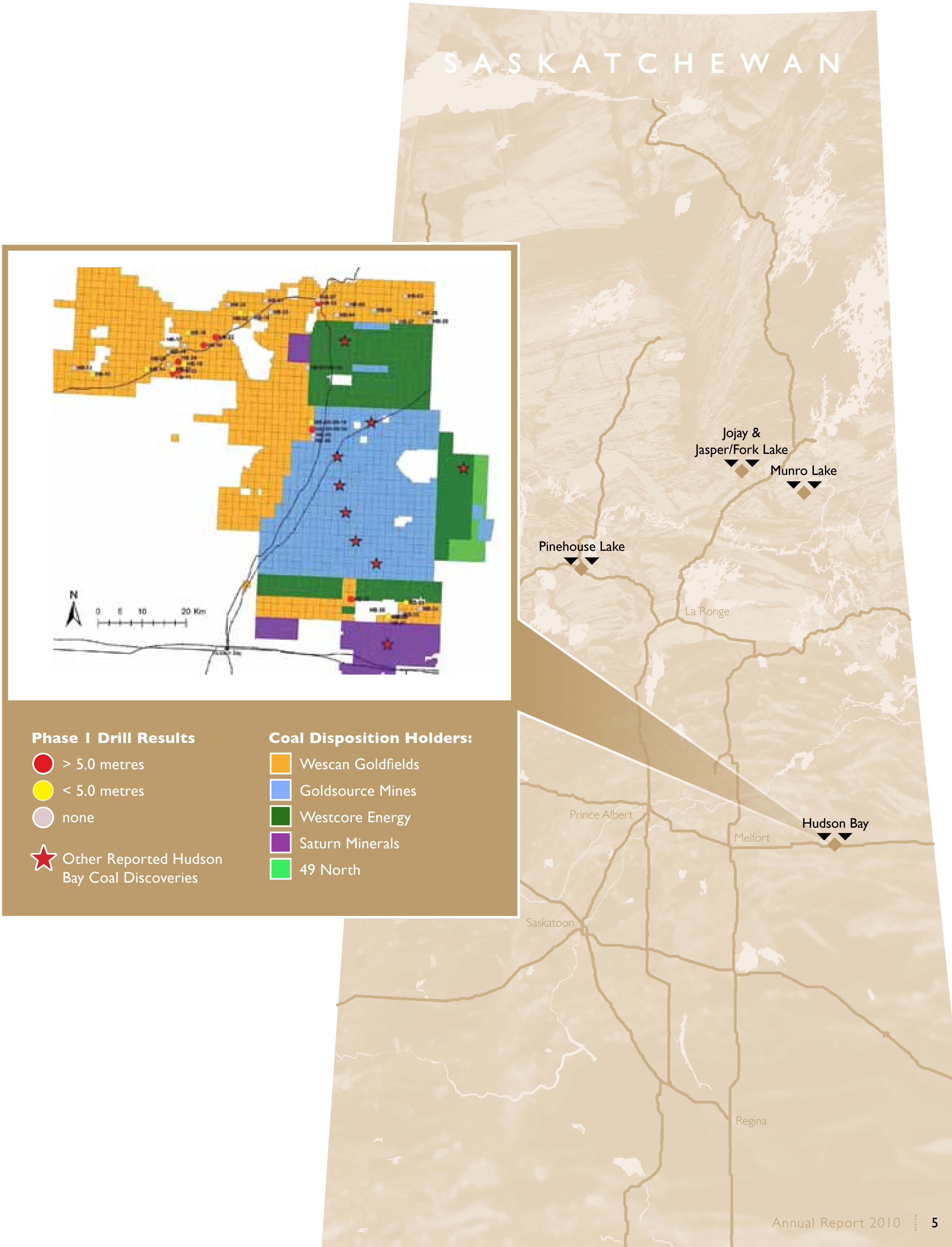
Hudson Bay COAL EXPLORATION

Wescan's 100% owned Hudson Bay properties encompass 190,976 hectares in 281 coal permits which focus in an area containing major coal discoveries. These permits were acquired during 2008, after the initial coal discovery was announced by Goldsource Mines Inc. Exploration drilling of geophysical targets in 2009 revealed the potential for coal deposits.

An initial drill program was completed during 2009 (see attached map). Carbonaceous zones were intersected in 21 out of 40 drill holes, with a maximum carbonaceous zone thickness of 12.90 metres. Carbonaceous zones ranged from continuous coal seams to carbonaceous zones with interbedded sand and carbonaceous material. Eight holes contained carbonaceous zones greater than 5 metres thick. Several drill holes also contained more than one intersection of carbonaceous zones, suggesting the presence of multiple coal horizons.

Drilling results indicated that the prospective area for coal is much greater than previously anticipated in the Hudson Bay area. Carbonaceous zones were intersected more than 50 kilometres to the west and 10 kilometres to the south of previously reported coal intersections in the region, including intersections of carbonaceous zones northwest of the Pasqua Hills. These discoveries establish a new high priority focus for Wescan on four main areas of interest: The Red Deer Property, Bonus Property, Rice Property and Man River Property, proximal to Goldsource Mines Inc.'s Border Property hosting a National Instrument (NI) 43-101 compliant Indicated and Inferred coal resource estimate of 153.1 million tonnes.

The drilling results provided an excellent geological understanding of the regional sedimentary depositional environment and potential coal bearing sub basins. With this information Wescan will continue to develop its geoscientific data framework aimed to identify where sub-basins containing thicker intersections of coal may occur. Wescan will utilize the geological data obtained from drilling and down-hole geophysics, to aid in the interpretation of the airborne geophysics in order to assist and prioritize future drill targets on Wescan's four main areas of interest. In 2011, Wescan plans to re-evaluate these coal properties utilizing its own in-house resources and independent consultants in order to plan further drilling.


S A S K A T C H E W A N
Jojay &
Jasper/Fork Lake
Munro Lake
Pinehouse Lake
La Ronge
Prince Albert
Melfort
Hudson Bay
Saskatoon
Regina
N
0 5 10 20 Km
Phase I Drill Results
> 5.0 metres
< 5.0 metres
none
Other Reported Hudson Bay Coal Discoveries
Coal Disposition Holders:
Wescan Goldfields
Goldsource Mines
Westcore Energy
Saturn Minerals
49 North

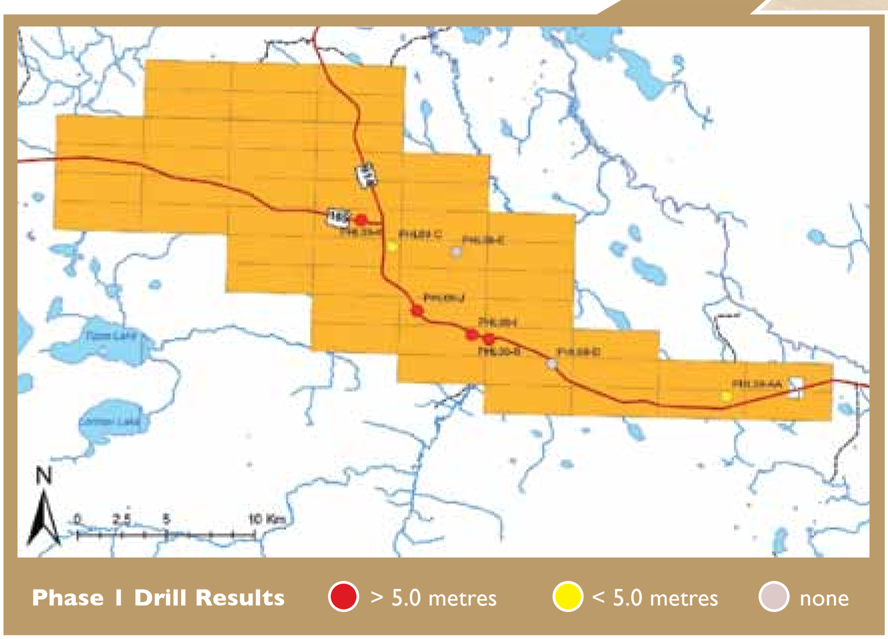
Pinehouse Lake

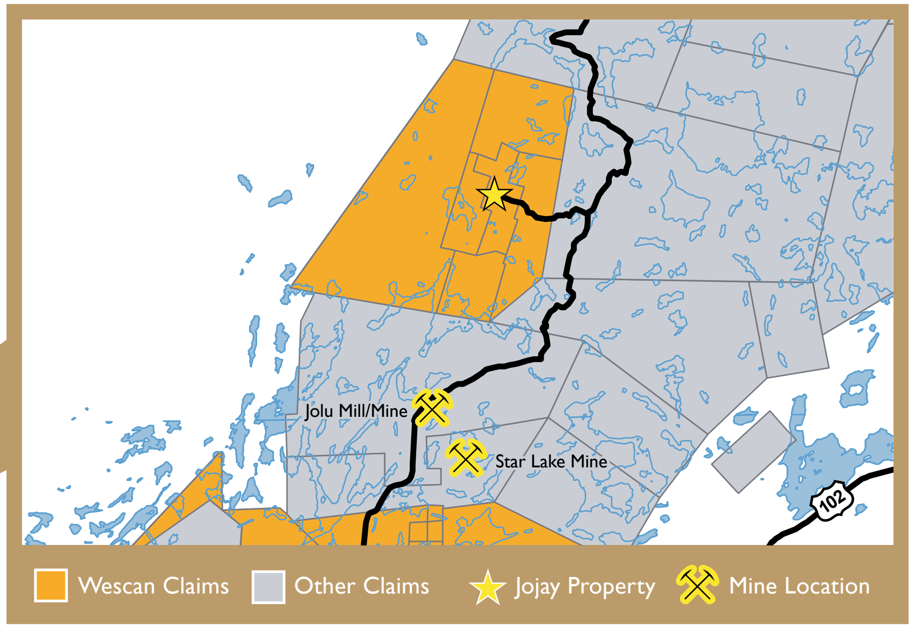
COAL EXPLORATION

Historical drilling in this region intersected 1 to 3 metre Mannville (Cretaceous) coal seams at approximately 50 metres below surface in a region where glacial till cover is limited. In 2008, Wescan acquired 50 coal dispositions, covering 38,304 hectares in an area where this Mannville aged coal (Cretaceous) is known to exist.

In 2009, 8 holes were drilled with the presence of carbonaceous zones confirmed in 6 of the holes. The largest carbonaceous zone was 14.8 metres in thickness in hole PHL09-J (see attached map). Four holes contained carbonaceous zones greater than 5 metres thick. All completed drill holes went through the Mannville Group sediments through to the Paleozoic/Precambrian basement in order to identify areas that may have formed basins necessary to host thick intersections of coal. Definition of these basins in the Devonian paleosurface is critical to exploring for Mannville-aged coal occurrences.

The initial drill program at the Pinehouse Lake property aimed to confirm the historical coal intersections and obtain geological stratigraphic data that will be used in developing a stratigraphic and structural model for targeting coal deposits. Wescan plans to re-evaluate this property in 2011 based on the historical drilling and assess its potential for future exploration programs.





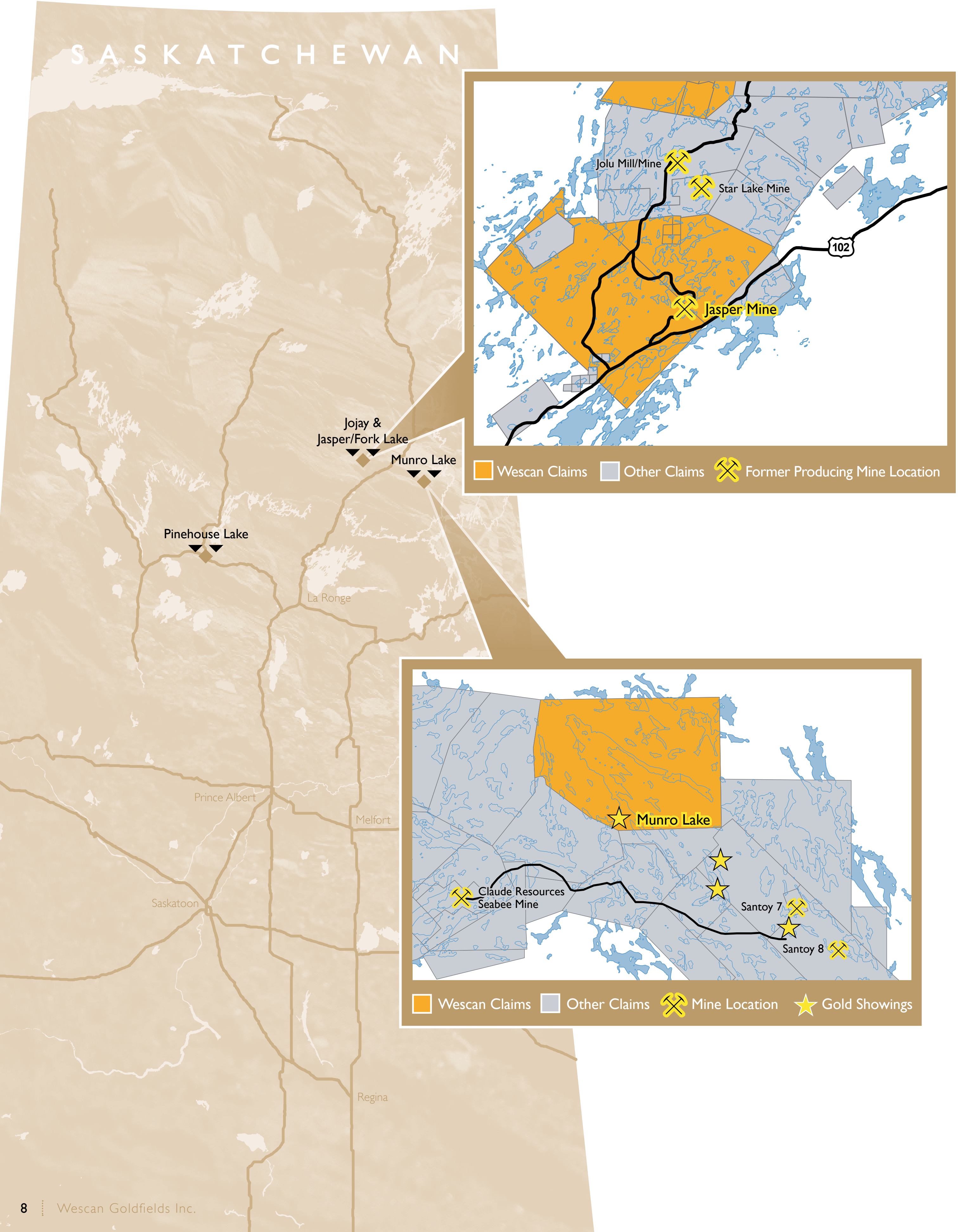
Jojay GOLD EXPLORATION

Wescan's 100% owned Jojay gold property is easily accessed by a combination of 125 kilometres of highway north of La Ronge, Saskatchewan and 25 kilometres of mine and exploration roads. The property is located within the Greenstone Belt of northern Saskatchewan and consists of five claim blocks covering 1,496 hectares. The property has a long history of exploration dating back to the 1980s with considerable work being carried out by Cominco Ltd. and subsequent to that by Saskatchewan Mining and Development Corporation (one of Cameco Corporation's predecessors). Claude Resources Inc. obtained the property in 1986 and ultimately entered into a joint venture agreement with Shore Gold Inc. Wescan's initial interest in the property was acquired from Shore Gold Inc. in 2004 when Shore agreed to transfer its portfolio of gold property assets to Wescan in exchange for shares of Wescan. At the time, Shore Gold had a 25% participating joint venture interest in the Jojay gold property and Claude Resources Inc. held the remaining 75% participating interest. Wescan took Shore's role as operator. Wescan acquired a 100% interest in the property when it purchased Claude's interest on October 24, 2006.

The last drill program on the property was completed in February, 2008. This in-fill drill program included 6,336 metres of drilling over 22 holes as required for National Instrument 43-101 resource estimations and step out drilling to test deeper areas of mineralization. This down-plunge step-out drilling from the known mineralized zones resulted in a significant overall deepening of the deposit. The northern mineralized zone was extended from 200 metres to 300 metres from surface and the southern mineralization was extended from 150 metres to 250 metres from surface and demonstrates a significant increase of potential at Jojay.

On February 4, 2010, Wescan announced an updated independent geological model and corresponding Mineral Resource Estimate for Jojay. The Mineral Resource Estimate was completed by A.C.A. Howe International Limited in accordance with Canadian Securities Administrators NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves. The Mineral Resource Estimate includes 21 Wescan diamond drill holes completed in 2005 and 2007–2008, and 79 historic drill holes. The Mineral Resource Estimate outlines the Red Zone and six minor mineralized zones. The zones are vertically dipping with a north-south strike. Wescan believes that there is a strong potential to define additional mineral resources at the Jojay property. Additional drilling is warranted to follow-up both the Jojay property along strike and the Red Zone mineralized shoot down plunge.

Wescan is currently planning a diamond drill exploration program at the Jojay property to expand the gold resource and further delineate areas of known mineralization along the Jojay structural zone.


SASKATCHEWAN
Jojay &
Jasper/Fork Lake
Munro Lake
Pinehouse Lake
La Ronge
Prince Albert
Melfort
Saskatoon
Regina
Jolu Mill/Mine
Star Lake Mine
102
Jasper Mine
Wescan Claims
Other Claims
Former Producing Mine Location
Munro Lake
Claude Resources
Seabee Mine
Santoy 7
Santoy 8
Wescan Claims
Other Claims
Mine Location
Gold Showings

Fork Lake/Jasper Mine GOLD EXPLORATION

The Fork Lake gold property is located in the La Ronge Greenstone Belt of northern Saskatchewan in the vicinity of a number of former gold producers. The property contains the high grade Jasper Gold Mine which mined 155,000 tonnes at an average grade of 0.54 oz/tonne in the early 1990s. The property covers an area of 6,513 hectares and is accessible by road 135 kilometres northeast of La Ronge, Saskatchewan. It is approximately 12 kilometres from an existing licensed gold processing plant.

Historical exploration from the early 1960s to the 1990s identified and investigated numerous mineralized showings and structural lineaments on the property, including the highly auriferous Jasper, Muskeg, and Roxy structures, and the DMZ.X, Boulder, CP and DMZ.W zones. Wescan's ongoing exploration of the Fork Lake property since then has been focused on following up these previous programs with continued exploration of the past-producing Jasper Gold Mine, associated mineralized structures and other areas of gold occurrences in the Fork Lake property.

In 2005 and 2006 diamond drill programs were carried out on the Jasper property.

Wescan's exploration of the Fork Lake gold property during 2006 also included a prospecting and geochemical soil sampling program over the southwest portion of the property.

Drilling in 2005 and 2006 confirmed a high grade, down plunge-down dip extension of the Jasper Mine structure and indicated a mineralized zone of a similar size and grade as that mined previously at Jasper. This zone is known as the Deep Jasper Zone. The soil sampling program identified 11 new targets that are deemed to warrant follow-up drilling.

During 2007, exploration focused on a follow-up drill program of the identified targets as well as evaluation of the Jasper Deep Zone to determine the appropriate next steps for the exploration of this potential resource.

In 2011, Wescan plans to conduct a thorough review of all the past exploration programs on its Fork Lake property and the past gold producing Jasper Mine with a view to re-invigorating exploration on the recently defined Deep Jasper Zone and other historical mineralized zones that were not economical to mine at the time of operation.

Munro Lake Joint Venture GOLD EXPLORATION

Munro Lake is a joint venture; Wescan is the Operator and holds a 98.4% interest in the joint venture with Shane Resources Ltd. who holds 1.6%. The Munro Lake gold property lies within the Glennie Lake Domain in north eastern Saskatchewan and is located seven kilometres north east of the currently producing Claude Resources Ltd.'s Seabee Mill. The Munro Lake claim area covers 2,489 hectares and is accessible from La Ronge or Otter Lake by float or ski-equipped aircraft. The Munro Lake gold property is an early stage gold exploration play which encompasses the northeast projection of the Laonil Lake Shear Zone which is the main ore control structure for the Seabee Mine gold mineralization. Prior exploration work on the property and a review by an independent consultant recommended a phased exploration program including further prospecting, soil geochemical sampling, ground based geophysics, followed by trenching and shallow drill testing of any significantly anomalous mineralized areas.

An initial ground reconnaissance program and re-sampling of earlier anomalies was carried out during the fall of 2007. In 2008, the Company commenced work on line-cutting with a soil and grab sample geochemistry program on the property which yielded some anomalous gold assays.

Wescan plans to continue exploration on this property in 2011. A study of all past exploration programs is currently underway from which recommendations for work in 2011 will be followed up.

An airborne geophysical survey will also be conducted in the summer of 2011 to provide further assistance with proposing a drill program.

MANAGEMENT'S
Discussion & Analysis

The following Management's Discussion and Analysis is prepared as of April 27, 2011 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2010. Wescan Goldfields Inc. ("Wescan" or "the Company") prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are reported in Canadian dollars unless otherwise indicated.

Overview

During 2010, Wescan announced the completion of a National Instrument 43-101 ("NI 43-101") compliant gold resource for the Company's Jojay Gold Project in northern Saskatchewan (see Wescan News Release dated February 4, 2010) and also announced the completion of Phase 1 drilling on its Hudson Bay and Pinehouse Lake coal properties in east central Saskatchewan (see Wescan News Release dated January 18, 2010). Exploration results to date suggest that both the Company's gold and coal properties hold further potential given their early stage of exploration combined with their strategic locations.

During the year, the Company also successfully completed three separate private placements for gross proceeds of $1,320,000 (See Wescan's News Releases May 10, October 29 and December 7, 2010). These private placements resolved the Company's previous working capital deficiency and left the Company well funded to start 2011. Further financing efforts in the early part of 2011 along with the appointment of a new Vice-President of Exploration in late 2010 (see Wescan News Release dated December 16, 2010) have allowed the Company to refocus its exploration priorities for the 2011 year (see Wescan News Release dated March 7, 2011).

Jojay Gold Project

As announced on March 7, 2011, Wescan will be conducting a 2,500 metre drill program on its 100% owned Jojay Gold Project commencing in June. This program will be based on recommendations from a review of historical drilling data that was completed in February 2011 as well as the recommendations contained in the NI 43-101 Mineral Resource estimate completed earlier in 2010.

The independent Mineral Resource estimate for the Jojay Gold Project was completed by A.C.A. Howe International Limited ("Howe") in accordance with NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Reserves.

The Mineral Resource estimate of the Jojay Gold Project includes a non-diluted Indicated Mineral Resource of 420,000 tonnes with an average grade of 3.7 g/tonne Au, for 50,000 ounces of gold and a non-diluted Inferred Mineral Resource, amounting to 630,000 tonnes with an average grade of 4.3 g/tonne Au, for 87,000 ounces of gold. No Measured Resources or Reserves of any category were identified. The Technical Report that documents the Mineral Resource estimate on the Jojay Gold Project can be viewed on the Company's website (www.wescangoldfields.com) or on SEDAR (www.sedar.com).

The completion of the Mineral Resource estimate is a major milestone for the Jojay Gold Project. The Jojay Deposit, as defined by the Mineral Resource estimate, represents only a small portion of the greater than 2.5 kilometre long volcanic-sedimentary contact and coincident Jojay structural zone in the Jojay Gold Project area. The Jojay structural zone is highly prospective and the model completed by Howe indicates mineralization is open down plunge to the north-northeast and that there is potential for additional mineralization along strike. The Jojay Deposit is located near a licensed gold mill and is situated in the La Ronge Gold Belt which hosts numerous gold discoveries including four past producing gold mines.

Mineral Resources are not Mineral Reserves and by definition do not demonstrate economic viability. There is no certainty that all or any part of the Mineral Resource will be converted into a Mineral Reserve.

Hudson Bay and Pinehouse Lake Coal Projects

During 2010, Wescan announced the completion of Phase 1 drilling on the Company's Hudson Bay Coal Project. Results from this drilling found intersections of carbonaceous zones in 21 of 40 drill holes, with the largest zone intersected being 12.9 metres in thickness. Several drill holes also contained more than one carbonaceous zone, suggesting the potential for multiple carbonaceous horizons (see Wescan News Release January 18, 2010 for a map of the property).

Wescan also announced the completion of an 8 hole drill program on its property near Pinehouse Lake, Saskatchewan. Carbonaceous zones up to 14.8 metres in thickness were intersected in 6 out of 8 drill holes. This initial drill program at the Pinehouse Lake Coal Project aimed to confirm the historical coal intersections on the property and obtain geological stratigraphic data that will be used in developing a stratigraphic and structural model for targeting a second phase of drilling on thicker, near-surface coal seams (see Wescan News Release January 18, 2010 for a map of the property).

Currently, a review is being performed on the Company's coal exploration properties for the purpose of identifying the most prospective areas. Dependant on the recommendations of this review, Wescan will explore the highest priority targets, which may include drill testing and further delineation using airborne geophysical surveys.

Selected Annual Information

Selected financial information of the Company by year is summarized as follows:

	2010 $	2009 $	2008 $
Interest and other income	39,544	29,545	103,829
Net loss	936,380	5,511,058	2,403,082
Net loss per share (1)	0.01	0.07	0.04
Total assets	7,595,496	7,512,155	12,177,549
Working capital (deficiency)	371,813	(321,926)	2,342,971

(1) Basic and diluted.

Year to Date

RESULTS OF OPERATIONS

For the year ended December 31, 2010, the Company recorded a net loss of $936,380 ($0.01 per share) compared to a net loss of $5,511,058 ($0.07 per share) for 2009. The significant change in net loss in 2010 over 2009 was primarily due to the $5.2 million write-down of mineral properties that occurred during 2009. The Company remained focused on minimizing its operating expenses during 2010; however, the settlement with a former joint venture partner for unpaid exploration expenditures related to its previously held Mud Lake property added $200,000 to the Company's net loss for the year.

REVENUES

The Company reported interest and other income of $39,544 for the year ended December 31, 2010 as compared to $29,545 for the year ended December 31, 2009. The increase in interest and other income is the result of having higher other income for the year ended December 31, 2010 related to rental fees charged for certain of the Company's assets.

EXPENSES

Total operating expenses for the year ended December 31, 2010 were $775,924 compared to $1,012,353 for the same period of 2009. This represents a decrease of $236,429 or 23 percent. The decrease in administration expenses of $243,132 from 2009 is the primary reason for the overall decrease in operating expenses. This decrease in administration expenditures in 2010 related to decreases in personnel costs and rent as result of the significant effort made to minimize administrative costs.

INCOME TAXES

The future income tax recovery in 2010 was $0 compared to a recovery of $620,948 in 2009. The 2009 recovery was due to changes in the valuation allowance on net future income tax assets resulting from the write-down of mineral properties and the renunciation of flow-through expenditures.

SETTLEMENT WITH ALTO VENTURES LTD.

In October of 2010, the Company announced the settlement of a claim for unpaid expenditures related to an exploration program on its previously held Mud Lake property. The settlement required the issuance of 3,000,000 common shares and payment of $50,000 to Alto Ventures Ltd.

WRITE DOWN OF MINERAL PROPERTIES

During the year ended December 31, 2009, the Company wrote down $5,186,102 of its mineral properties related to the Company's interest in its Fork Lake/Jasper/Tamar properties and eight mineral claims in the Limestone and Hanson Lake area of the province of Saskatchewan. Given the Company's working capital deficiency at that time, the Company decided not to explore these properties in the short-term. As a result, the Company wrote down the carrying value of these properties to nil. In addition, the Limestone and Hanson Lake mineral claims were allowed to lapse and, as a consequence, were written off.

INVESTING

Additions to mineral properties during 2010 were $64,099 compared to $3,021,020 for 2009. The majority of these expenditures for 2010 and 2009 related to coal exploration programs on the Company's 100% owned properties near Pinehouse Lake and Hudson Bay, Saskatchewan.

FINANCING

During the year ended December 31, 2010, the Company issued a total 18,961,538 common shares of the Company for gross proceeds of $1,320,000 (net $1,286,424) from three separate financings.

In May 2010, the Company completed a private placement financing for 3,461,539 units of the Corporation at a price of $0.13 per unit, for gross proceeds of $450,000. Each unit consisted of one common share and one half of one common share purchase warrant. The proceeds were used by Wescan to resolve a working capital deficiency that arose near the end of 2009 (See Wescan News Releases dated May 10, 2010).

In October of 2010, the Company completed a non-brokered private placement for 6,000,000 units of the Corporation at a price of $0.05 per unit, for gross proceeds of $300,000. Each unit consisted of one common share and one half of one common share purchase warrant. The proceeds were used by Wescan for general working capital purposes (See Wescan News Releases dated October 29, 2010).

In December of 2010, the Company completed a non-brokered private placement for 9,499,999 units of the Corporation at a price of $0.06 per unit, for gross proceeds of $570,000. Each unit consisted of one common share and one half of one common share purchase warrant. The proceeds will be used by Wescan for general working capital purposes (See Wescan News Releases dated December 7, 2010).

In October of 2010, the Company also issued 3,000,000 common shares valued at $150,000 for the settlement of a claim for unpaid expenditures related to an exploration program on its previously held Mud Lake property (See Wescan News Release dated October 29, 2010).

During the year ended December 31, 2009, the Company issued a total 4,994,093 common shares of the Company for gross proceeds of $998,870 (net $937,577) from three separate financings. (See Wescan News Releases dated July 29, September 4, and December 14, 2009).

SUMMARY OF QUARTERLY RESULTS

2010	Qtr 4 $	Qtr 3 $	Qtr 2 $	Qtr 1 $
Revenues(1)	9,914	9,809	9,934	9,887
Net loss(2)	(338,352)	(106,449)	(306,018)	(185,561)
Net loss/share(3)	(0.01)	(0.00)	(0.00)	(0.00)
Shares outstanding(4)	102,077,021	83,577,022	83,577,022	80,115,483
2009				
Revenues(1)	10,493	9,677	6,840	2,535
Net loss(2)	(5,008,653)	(131,846)	(215,244)	(155,315)
Net loss/share(3)	(0.07)	(0.00)	(0.00)	(0.00)
Shares outstanding(4)	80,115,483	79,612,645	75,121,390	75,121,390

(1) The Company's revenues are comprised of interest earned on cash balances as well as equipment leasing. The Company began leasing certain equipment in the second quarter of 2009 which is expected to continue until the end of 2011.

(2) The significant net loss in the fourth quarter of 2009 primarily related to write-downs of certain of the Company's mineral properties as a result of the Company either electing not to fund exploration programs or changing its strategic focus. The net losses in the second quarters of 2010 and 2009 were higher due to the fair value of stock-based compensation being expensed during these quarters. The higher net loss in the fourth quarter of 2010 is mostly attributed to the $200,000 settlement with a former joint venture partner regarding certain exploration expenditures. The remaining quarters reflect normal operations of the Company.

(3) Basic and diluted.

(4) The increase in shares during the second and fourth quarters of 2010 and the third quarter of 2009 were the result of the Company completing private placements during these timeframes. The fourth quarter of 2010 also required the issuance of 3,000,000 shares for the settlement with a former joint venture partner regarding certain exploration expenditures. The increase in shares outstanding in the fourth quarter of 2009 was the result of the Company issuing shares pursuant to a shares-for-debt settlement agreement with a service provider.

Fourth Quarter Results

For the quarter ended December 31, 2010, the Company recorded a net loss of $338,352 or $0.01 per share compared to a net loss of $5,008,653 or $0.07 per share for the same period in 2009. The difference between the quarters ended December 31, 2010 and 2009 is predominantly related to the $5,168,102 write-down of mineral properties which occurred in 2009. The write-down in 2009 was the result of a change in priorities of the Company towards its coal properties and away from certain of its gold properties in the short-term while its working capital deficiency was resolved.

The Company generated $9,914 in interest and other revenue during the fourth quarter compared to $10,493 for the corresponding period in 2009. The decrease is primarily a result of the Company having less cash on hand during the same reporting period from the previous year.

Total operating costs for the quarter ended December 31, 2010 were $148,266 compared to $280,923 during the quarter ended December 31, 2009. The decrease of $132,657 is the result of the Company's significant effort to minimize administrative costs and is primarily the result of a reduction in personnel.

During the fourth quarter of 2010, the Company incurred $1,612 (2009 – $1,518,074) in mineral property additions, which related to a difference in estimate to complete its NI 43-101 Mineral Resource estimate on its Jojay Gold Project. Expenditures incurred during the fourth quarter of 2009 were related to coal exploration programs on the Company's 100% owned properties near Pinehouse Lake and Hudson Bay, Saskatchewan.

During the quarter ended December 31, 2010, the Company issued 15,499,999 common shares for gross proceeds of $870,000 as well as an additional 3,000,000 common shares required to settle a claim from a former joint venture partner regarding exploration expenditures. During the quarter ended December 31, 2009, the Company issued 502,838 common shares pursuant to a shares-for-debt agreement which extinguished $80,454 of a liability owed to a service provider.

Related Party Transactions

During 2010, Mr. Kenneth E. MacNeill (Chief Executive Officer) and Mr. Harvey J. Bay (Chief Financial Officer) through their consulting companies charged management fees of $72,000 (2009 – $72,000) and $25,000 (2009 – nil), respectively. These fees were recorded as administrative expenses.

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

Liquidity

The Company does not currently operate any producing properties and, as such, is dependent upon the issuance of new equity to finance its ongoing obligations and 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 December 31, 2010, the Company had working capital of $371,813 as compared to a working capital deficiency of $321,926 at December 31, 2009. With the recent $1.5 million flow-through financing (See Wescan News Release dated February 24, 2011), management is confident the Company will have sufficient access to financial markets to continue its planned activities through 2011.

The Company's contractual obligations are as follows:

Payment due by period

	Total	< 1 year	1–3 years	3–5 years	Thereafter
Operating lease obligations	$93,071	$92,037	$ 1,034	$ -	$ -
Total	$93,071	$92,037	$ 1,034	$ -	$ -

As at December 31, 2010, the Company had incurred all necessary exploration expenditures required to fulfill its obligations under its flow-through commitments.

Capital Resources and Outstanding Share Data

As at December 31, 2010, the Company had working capital of $371,813 as compared to a working capital deficiency of $321,926 at December 31, 2009.

At December 31, 2010, the Company had 102,077,021 shares issued and outstanding compared to 80,115,483 at December 31, 2009. As at April 27, 2011, the Company had a total of 112,452,121 common shares issued and outstanding as well as 9,605,820 warrants, 920,389 broker warrants and 7,200,000 options with weighted average exercise prices of $0.12, $0.21 and $0.30, respectively. In the event all warrants, broker warrants and options were exercised, the Company would be required to issue a further 17,726,209 common shares for gross cash proceeds of $3.6 million.

Financial Instruments

The Company's financial instruments are initially recorded at fair value. The fair values as at December 31, 2010 of the Company's financial instruments, which include cash and cash equivalents, short-term investments, receivables and payables, approximate their recorded amounts due to their short-term nature. Certain financial instruments are exposed to the following risks:

CREDIT RISK

Credit risk is the risk of an unexpected loss by the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company does not have any significant exposure to credit risk.

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 does not currently operate any producing properties and as such, is dependent upon the issuance of new equity to advance its exploration properties. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration plans, forfeit rights to 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 position.

As at December 31, 2010, the Company had incurred all necessary exploration expenditures required to fulfill its obligations under its flow-through commitments. The ability of the Company to continue as a going concern, fund exploration expenditures and provide funds for ongoing general and administrative costs is anticipated to require further equity issues in 2011. The Company anticipates it will have sufficient access to financial markets to fund its planned activities through future equity contributions.

Critical Accounting Estimates

Wescan's consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles ("GAAP"). The Company's accounting policies are described in note 2 to the annual Audited Consolidated Financial statements. Certain of these policies involve critical accounting estimates because they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. The uncertainties related to these areas could significantly impact the Company's results of operations, financial condition and cash flows.

Management considers the following polices to be the most critical in understanding the judgments that are involved in preparing the Company's financial statements.

MINERAL PROPERTIES

Subject to compliance with provincial mineral regulations, the Company holds the right to explore for and develop mineral resources on various Crown property dispositions within the province of Saskatchewan. These rights are classified as mineral properties for financial statement purposes.

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against future income of the project using the unit of production method over estimated recoverable reserves. Interest on debt associated with the acquisition of mineral properties would be capitalized until commencement of commercial production. There have been no interest costs capitalized to date. Management assesses carrying values of non-producing properties each time it issues financial statements. Where information and conditions suggest impairment and where independent estimates of reserves or resources are unavailable for which to estimate future net cash flows or the properties are allowed to lapse, carried costs are written down.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of such reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

STOCK-BASED COMPENSATION PLANS

Options granted under the share option plan are accounted for using the fair value method. Under this method, the fair value of stock options granted is measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options exercised is transferred to share capital.

FUTURE INCOME TAXES

Future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is recognized in earnings in the period which includes the enactment date. Future income tax assets and liabilities are recorded in the financial statements if realization is considered more likely than not. The valuation of future income taxes is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated recoverable amount.

Accounting Changes

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective January 1, 2011. The Company's first financial statements presented in accordance with IFRS will therefore be the three-month period ended March 31, 2011. The Company will also provide comparative data on an IFRS basis, including an opening balance sheet as at January 1, 2010.

Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. The consolidated financial performance and financial position as presented in the Company's Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

As a result of this convergence, the Company developed a plan to convert its financial statements to IFRS. Regular reporting to the Company's Audit Committee on the status of the IFRS implementation project has been established to ensure proper oversight.

The Company's implementation project consists of three primary phases:

- **Phase 1: Initial Scoping and Diagnostic Phase**
  This phase included the identification of key differences, important dates, development of milestones, and potential training issues.

- **Phase 2: Detailed Evaluation Phase**
  In this phase, further evaluations of the financial statement areas impacted by IFRS were completed. This involved a detailed gap analysis of accounting and disclosure differences between Canadian GAAP and IFRS. This detailed assessment facilitates final decisions around accounting policies and overall conversion strategy. This phase also involved specification of changes required to existing business processes.

- **Phase 3: Implementation and Review Phase**
  This phase includes the final policy selection with the culmination of the necessary information systems and data required to prepare IFRS compliant financial statements and disclosures and any necessary adjustments to other business processes that may be impacted. Also included in this phase is the delivery of the necessary training to Wescan's Audit Committee, Board of Directors and staff.

The initial scoping phase was completed by the Company in 2008. The Company identified the accounting related to the carrying value of the Company's mineral properties to be the area of the most significant potential difference. The carrying value of the Company's mineral properties may be impacted by several standards in IFRS, including the treatment of exploration expenditures and how potential impairments are analyzed. Other areas of less significance that will require adjustments relate to share-based payments and property and equipment.

Throughout the detailed evaluation process management confirmed that the conversion to IFRS will have limited impact to its business processes, disclosure controls and controls over financial reporting. Certain of the Company's information systems have been converted to allow for the recognition, measurement and disclosure requirements of property and equipment in accordance with IFRS. Members of the conversion team have been provided training regarding IFRS to allow for a successful implementation. Management has not completely quantified the effects of adopting IFRS, however the quantification of most differences will not have a significant impact to the Company's financial statements.

FIRST TIME ADOPTION

The Company has determined it will adopt the choices allowed under IFRS-1 that will have the least impact to the Company's current Canadian GAAP financial statements on areas of lesser significance. For example, the Company is planning to use historical cost under Canadian GAAP on transition for property and equipment instead of fair value, as allowed under IFRS-1.

EXPLORATION AND EVALUATION ASSETS

Currently, Canadian GAAP and IFRS both allow a Company to establish an accounting policy that either capitalizes or expenses exploration and evaluation expenditures incurred. The Company has decided that it will continue to capitalize exploration and evaluation expenditures on the date of transition.

IMPAIRMENT

IFRS-6, *Exploration for and Evaluation of Mineral Resources*, requires entities to assess any exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amount.

IFRS-6 includes examples of "facts and circumstances" that may indicate when impairment testing is required. Based on this guidance, management believes that similar circumstances existed under both Canadian GAAP and IFRS to warrant write-downs in previous years. As such, on transition, the Company does not expect the carrying value of mineral properties to change significantly compared to Canadian GAAP. However, IFRS does allow for the reversal of impairments which is not allowed under Canadian GAAP which may cause differences in the future.

DECOMMISSIONING LIABILITY

IAS-37, *Provisions, Contingent Liabilities and Contingent Assets*, requires a provision to be recognized when there is a present obligation as a result of a past transaction or event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligations. The threshold for recognition of a provision under Canadian GAAP is higher than under IFRS. Therefore, it is possible that some contingent liabilities not recognized under Canadian GAAP such as decommissioning liabilities may meet the recognition criteria under IFRS. The Company does not expect any potential decommissioning liability under IFRS to be significant as the Company performs reclamation work on the majority of its properties as it carries out its exploration programs.

SHARE-BASED PAYMENTS

An analysis of the effects to share-based payments has also been performed, which indicates that adoption will not have a significant impact as IFRS and Canadian GAAP are largely converged with only a few differences. Canadian GAAP allows either accelerated or straight line method of amortization for the fair value of stock options under graded vesting. Currently, the Company is using the straight line amortization method. IFRS, conversely, allows only the accelerated method. Under IFRS, the estimate for forfeitures must be made when determining the number of equity instruments expected to vest and must be adjusted to actual by the vesting date, while under Canadian GAAP forfeitures can be recognized as they occur. Upon adoption of IFRS, the Company will change both the method of amortization, which would give rise to an accelerated compensation expense, and the method of forfeiture recognition. The Company does not intend to utilize the election in IFRS-1 to apply IFRS retrospectively to all equity instruments granted and vested at the January 1, 2010 transition date. As a result, options that were granted and that vested prior to the transition date will not be retrospectively restated. Any accelerated vesting on options under IFRS will have an insignificant impact to the Company's financial statements.

FLOW-THROUGH SHARES

An analysis of the effects of flow-through shares has also been performed. Under Canadian GAAP, flow-through shares are recorded at their face value when issued and the tax impact is recorded when the deduction is renounced to the investor. To the extent that the Company has unused tax benefits from loss carry forwards and tax pools in excess of book values available for deduction against which a valuation allowance has been provided, the future tax liability reduces the valuation allowance, if any, and the reduction is recognized in earnings. Under IFRS, the difference between the issue price of flow-through shares and the fair value of the shares at the date of issuance ("premium") is recorded as a liability with a corresponding reduction to share capital. To the extent that the Company has unrecorded tax benefits the premiums are recognized in earnings at the time of renunciation to investors of the flow-through shares. The Company estimates the difference on transition will have a nominal impact on the future income tax recovery, as reported under Canadian GAAP in 2010.

PRESENTATION AND DISCLOSURE

Based on management's current estimates, the Company anticipates that the transition to IFRS will result in increased disclosures in the notes to the financial statements.

TRANSITION TO IFRS

Throughout the first quarter of 2011, the Company plans to complete the drafting of financial statements and note disclosures required for the conversion to IFRS, finalize accounting policy and transition elections and prepare the opening balance sheet as of January 1, 2010.

Outlook

The Company's success in raising an additional $1.5 million of flow-through financing over the last few months will allow it to begin exploration programs on its portfolio of gold properties in the La Ronge Gold Belt in northern Saskatchewan. With the significant escalation in the price of gold, the Company believes the timing is right to focus exploration efforts on the properties with known gold mineralization. This focus on gold properties will include exploration work on the Jojay, Jasper and Munro Lake properties. The Company also remains committed to its coal holdings near Hudson Bay and Pinehouse Lake, Saskatchewan and will determine if more immediate work is warranted based on the review currently underway.

The Company will continue to evaluate the potential for the acquisition of other mineral properties that fit its strategic direction. Management is confident the Company will have sufficient access to financial markets to continue its planned exploration activities in 2011.

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 a summary only 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 AN EXPLORATION STAGE 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 mineral 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 mineral 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 development activities and commencement of production on 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 property interests are currently in the exploration stage and are without a known body of commercial ore. The exploration, development and production of base and 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 base and precious metals are found, there can be no assurance that Wescan's past or future exploration efforts will be successful, that any production there from 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 Tabetha Stirrett, 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 pursue exploration activities, the use of such funds, the acquisition and exploration of additional properties, and the plans and expectations concerning the transition to IFRS.

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 and coal 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.

CONSOLIDATED
FINANCIAL STATEMENTS

December 31, 2010

MANAGEMENT'S RESPONSIBILITY
for Consolidated Financial Statements

The accompanying consolidated financial statements of Wescan Goldfields Inc. are the responsibility of management and have been approved by the Board of Directors.

Management has prepared the consolidated financial statements in conformity with Canadian generally accepted accounting principles. The consolidated financial statements include some amounts that are based on best estimates and judgments.

The management of the Company, in furtherance of the integrity and objectivity of data in the consolidated financial statements, has developed and maintains a system of internal accounting controls. Management believes the internal accounting controls provide reasonable assurance that financial records are reliable and form a proper basis for preparation of consolidated financial statements and that assets are properly accounted for and safeguarded.

The Board of Directors carries out its responsibility for the consolidated financial statements through its audit committee, the majority of which are outside directors. The audit committee reviewed the Company's annual consolidated financial statements and recommended their approval to the Board of Directors. The shareholders' auditors have full access to the audit committee, with and without management being present.

The shareholders' auditors, KPMG LLP, Chartered Accountants, in accordance with Canadian generally accepted auditing standards, have examined these consolidated financial statements and their independent professional opinion on the fairness of the consolidated financial statements is attached.

Kenneth E. MacNeill
Chairman and Chief Executive Officer
Saskatoon, Canada
April 27, 2011

Harvey J. Bay
Chief Financial Officer
Saskatoon, Canada
April 27, 2011

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Wescan Goldfields Inc.

We have audited the accompanying consolidated financial statements of Wescan Goldfields Inc., which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009 and the consolidated statements of loss and comprehensive loss, cash flows and shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wescan Goldfields Inc. as at December 31, 2010 and December 31, 2009, and its consolidated results of operations and its consolidated cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Saskatoon, Canada
April 27, 2011

Consolidated
BALANCE SHEETS

	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 499,115	$ 289,605
Receivables	4,173	92,948
Prepaids and deposits	14,311	34,246
	517,599	416,799
Property and equipment (note 4)	188,813	270,371
Mineral properties (note 5)	6,889,084	6,824,985
	$ 7,595,496	**$ 7,512,155**
Liabilities & Shareholders' Equity		
Current liabilities:		
Payables and accrued liabilities	$ 145,786	$ 738,725
Future income tax liability (note 6)	163,336	-
Shareholders' equity:		
Share capital (note 7)	16,180,229	15,026,429
Warrants and Broker Warrants (note 7)	119,288	71,386
Contributed surplus (note 7)	1,881,740	1,634,118
Deficit	(10,894,883)	(9,958,503)
	7,286,374	6,773,430
	$ 7,595,496	**$ 7,512,155**

Nature of operations and going concern (note 1)
Commitments (note 13)
Subsequent event (note 14)

See accompanying notes to consolidated financial statements

On behalf of the Board

Kenneth E. MacNeill
Chairman and Chief Executive Officer

Arnie E. Hillier
Chairman of the Audit Committee

Consolidated STATEMENTS of Loss and Comprehensive Loss

	Year Ended December 31, 2010	Year Ended December 31, 2009
Income		
Interest	$ 328	$ 2,924
Other	39,216	26,621
	39,544	**29,545**
Expenses		
Administration	595,705	838,837
Professional fees	98,582	68,469
Amortization	81,637	105,047
	775,924	**1,012,353**
Loss before the undernoted items	(736,380)	(982,808)
Settlement with Alto Ventures Ltd. (note 12)	(200,000)	-
Gain on sale of equipment	-	36,904
Write down of mineral properties (note 5)	-	(5,186,102)
Loss before income taxes	(936,380)	(6,132,006)
Future income tax recovery (note 6)	-	620,948
Net and comprehensive loss	**$ (936,380)**	**$ (5,511,058)**
Net loss per share		
Basic and diluted (note 8)	$ (0.01)	$ (0.07)
Weighted average number of shares outstanding	84,522,227	79,875,520

See accompanying notes to consolidated financial statements

Consolidated STATEMENTS of Cash Flows

	Year Ended December 31, 2010	Year Ended December 31, 2009
Cash provided by (used in):		
Operations:		
Net and comprehensive loss	$ (936,380)	$ (5,511,058)
Non-cash items:		
Amortization	81,637	105,047
Fair value of stock options vested	176,236	171,858
Settlement with Alto Ventures Ltd.	150,000	-
Write-down of mineral properties	-	5,186,102
Gain on sale of equipment	-	(36,904)
Future income tax recovery	-	(620,948)
Net change in non-cash operating working capital items:		
Receivables	88,775	59,193
Prepaids and deposits	19,935	(11,303)
Payables and accrued liabilities	(592,939)	357,177
	(1,012,736)	**(300,836)**
Investing:		
Additions to mineral properties	(64,099)	(3,021,021)
Property and equipment	(79)	124,450
	(64,178)	**(2,896,571)**
Financing:		
Issue of share capital (net of issue costs)	1,286,424	937,577
	1,286,424	**937,577**
Increase (decrease) in cash position	209,510	(2,259,830)
Cash and cash equivalents, beginning of year	289,605	2,549,435
Cash and cash equivalents, end of year	**$ 499,115**	**$ 289,605**
Cash and cash equivalents consists of:		
Cash	$ 499,115	$ 56,010
Guaranteed investment certificates and treasury bills	-	233,595
	$ 499,115	**$ 289,605**

See accompanying notes to consolidated financial statements

Consolidated STATEMENTS of Shareholders' Equity

	Year Ended December 31, 2010	Year Ended December 31, 2009
Share Capital (note 7)		
Balance, beginning of year	$ 15,026,429	$ 14,781,186
Private placements	1,203,427	856,767
Shares issued for settlement with Alto Ventures Ltd.	150,000	-
Shares issued in exchange for accounts payables	-	80,454
Share issue costs	(36,291)	(54,481)
Tax effect of renunciation of flow-through shares	(163,336)	(637,497)
Balance, end of year	**$ 16,180,229**	**$ 15,026,429**
Warrants (note 7)		
Balance, beginning of year	$ 61,649	$ 18,143
Issued	116,573	61,649
Expired	(61,649)	(18,143)
Balance, end of year	**$ 116,573**	**$ 61,649**
Broker Warrants (note 7)		
Balance, beginning of year	$ 9,737	$ 11,221
Issued	2,715	9,737
Expired	(9,737)	(11,221)
Balance, end of year	**$ 2,715**	**$ 9,737**
Contributed Surplus (note 7)		
Balance, beginning of year	$ 1,634,118	$ 1,432,896
Stock based compensation	176,236	171,858
Warrants expired	61,649	18,143
Broker warrants expired	9,737	11,221
Balance, end of year	**$ 1,881,740**	**$ 1,634,118**
Deficit		
Balance, beginning of year	$ (9,958,503)	$ (4,447,445)
Net and comprehensive loss	(936,380)	(5,511,058)
Balance, end of year	**$ (10,894,883)**	**$ (9,958,503)**

See accompanying notes to consolidated financial statements

NOTES
to the Consolidated Financial Statements
(years ended December 31, 2010 and 2009)

1. NATURE OF OPERATIONS AND GOING CONCERN

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 development of its mineral properties and the Company is considered to be in the development stage with respect to its current mineral property holdings.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable mineral reserves. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the financing necessary to complete exploration and development and the success of future operations.

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 in the normal course of business.

At December 31, 2010, the Company had working capital of $371,813 and did not have sufficient resources to finance exploration activities through its 2011 fiscal year, conditions which raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern and fund exploration expenditures in an orderly manner requires further equity issues in 2011. The Company has successfully completed a financing to fund a portion of its exploration activities in 2011 (see Note 14 – Subsequent event).

These financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Generally accepted accounting principles require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Areas of significance requiring the use of management estimates relate to the determination of the recoverability of capitalized mineral exploration costs, stock-based compensation costs and the determination of future income tax. Actual recovered amounts could differ from those estimates.

The following accounting policies are considered to be significant:

Consolidation principles

The consolidated financial statements include the accounts of the Company and its subsidiary.

Cash and cash equivalents

Cash and cash equivalents includes cash and investments that, upon acquisition, have an initial term to maturity of three months or less.

Mineral properties

Subject to compliance with provincial mineral regulations, the Company holds the right to explore for and develop mineral resources on various Crown property dispositions within the province of Saskatchewan. These rights are classified as mineral properties for financial statement purposes.

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production from a property, the related accumulated costs are amortized against future income of the project using the unit-of-production method over estimated recoverable reserves. Interest on debt associated with the acquisition and development of mineral properties is capitalized until commencement of commercial production.

There have been no interest costs capitalized to date. Management assesses carrying values of non-producing properties each time it issues financial statements. Where information and conditions suggest impairment and where independent estimates of reserves or resources are unavailable for which to estimate future net cash flows or the properties are allowed to lapse, carried costs are written down.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to establish the existence of reserves, to complete the development of such reserves, and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options to acquire mineral properties are granted or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

Property and equipment

Property and equipment purchases are recorded at cost and amortized using the declining balance method except for leasehold improvements, which are amortized on a straight-line basis over a term equal to the remaining life of the current lease agreement. Annual amortization rates are as follows:

Computer equipment	30%
Computer software	100%
Furniture and equipment	20%

Future income taxes

Future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value of existing assets and liabilities and their respective tax base. Future income tax assets and liabilities are measured using enacted and substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are to be recovered or settled. The effect on future income tax assets and liabilities resulting from a change in rates is recognized in earnings in the period which includes the enactment date. Future income tax assets and liabilities are recorded in the financial statements if realization is considered more likely than not. The valuation of future income taxes is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated recoverable amount.

Flow-through shares

The Company finances a portion of its exploration activities through the issuance of flow-through shares. The Company renounces the deductions to investors and accordingly records share issue costs related to the future tax liability of the temporary difference arising from the renunciation. As a result, share capital is reduced and future income tax liabilities are increased by the estimated tax benefits when renounced by the Company to the investors, except to the extent that the Company has unused tax benefits from loss carry forwards that are not expected to expire before they are utilized and tax pools in excess of book values available for deduction against which a valuation allowance has been provided. In these circumstances, the future tax liability reduces the valuation allowance, if any, and the reduction is recognized in earnings.

Per share amounts

Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated based on the treasury-stock method, which assumes that any proceeds received on the exercise of options and warrants would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change. Excluded from the calculation of diluted loss per common share are the effects of outstanding options, as the effect on basic loss per share would be anti-dilutive.

Stock-based compensation

The Company has a share option plan that is described in note 7 (h).

Options granted under the share option plan are accounted for using the fair value method. Under this method, the fair value of stock options granted is measured at the estimated fair value at the grant date and recognized over the vesting period. When forfeitures occur during the period in which a stock option vests, no further amounts are recognized. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

Financial instruments presentation and disclosure

a) Financial assets

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

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

b) Financial liabilities

Accounts payable are classified as other financial liabilities, which are measured at amortized cost. Due to the short-term nature of accounts payable, the carrying amounts approximate fair value.

c) Fair value

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measure in its entirety. Based on these categories, all of the Company's financial instruments which are measured at fair value are categorized as Level 1.

3. CHANGES IN ACCOUNTING POLICIES

a) New accounting pronouncements

International financial reporting standards

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective in calendar year 2011. The Company's first financial statements presented in accordance with IFRS will therefore be the three-month period ended March 31, 2011. The Company will also provide comparative data on an IFRS basis, including an opening balance sheet as at January 1, 2010.

Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. The consolidated financial performance and financial position as presented in the Company's Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS. Management has not completely quantified the effects of adopting IFRS.

4. PROPERTY AND EQUIPMENT

Property and equipment is made up of the following:

	Cost	Accumulated Amortization	2010 Net Book Value	2009 Net Book Value
Computer equipment	$ 46,137	$ 33,346	$ 12,791	$ 18,273
Computer software	66,949	66,949	-	312
Furniture and equipment	296,194	162,269	133,925	167,594
Leasehold improvements	156,863	114,766	42,097	84,192
Total	**$ 566,143**	**$ 377,330**	**$ 188,813**	**$ 270,371**

Amortization of property and equipment during the year ended December 31, 2010 was $81,637 (2009 – $105,047).

5. MINERAL PROPERTIES

Mineral properties are made up of the following:

	December 31, 2009	Acquisition Costs	Exploration Costs	Write-down of Mineral Properties	December 31, 2010
Munro (a)	$ 364,526	$ -	$ -	$ -	$ 364,526
Jojay (b)	3,057,380	-	4,200	-	3,061,580
Hudson Bay/Pinehouse Lake (c)	3,403,079	-	59,899	-	3,462,978
Total	**$ 6,824,985**	**$ -**	**$ 64,099**	**$ -**	**$ 6,889,084**

	December 31, 2008	Acquisition Costs	Exploration Costs	Write-down of Mineral Properties	December 31, 2009
Munro (a)	$ 324,714	$ -	$ 39,812	$ -	$ 364,526
Jojay (b)	3,059,594	-	(2,214)	-	3,057,380
Hudson Bay/Pinehouse Lake (c)	426,211	6,076	2,970,792	-	3,403,079
Fork Lake/Jasper/Tamar (d)	5,122,007	-	6,555	(5,128,562)	-
Limestone Lake/Hanson Lake (e)	57,540	-	-	(57,540)	-
Total	**$ 8,990,066**	**$ 6,076**	**$ 3,014,945**	**$ (5,186,102)**	**$ 6,824,985**

The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date and cost of properties acquired, less write-downs and does not necessarily reflect fair values.

a) Munro gold property

The Company holds a 98.4% interest in the Munro gold property, consisting of certain mineral dispositions located approximately 128 kilometres northeast of La Ronge, Saskatchewan. The Munro property is located 7 kilometres from a producing gold mine.

b) Jojay gold property

The Company holds a 100% interest in the Jojay gold property, consisting of certain mineral dispositions located approximately 150 kilometres northeast of La Ronge, Saskatchewan. The Company has an Indicated Resource and Inferred Resource as defined under National Instrument 43-101 on the Jojay gold deposit. The Jojay property is located 11 kilometres from a producing gold mill.

c) Hudson Bay/Pinehouse Lake coal properties

The Company holds a 100% interest in 331 coal permits that comprise a total area of 229,280 hectares (2,292 square kilometres) and are in close proximity to Hudson Bay, and Pinehouse Lake, Saskatchewan.

d) Fork Lake/Jasper/Tamar gold properties

The Company holds a 100% interest in the Fork Lake/Jasper/Tamar gold properties, consisting of certain mineral dispositions located approximately 150 kilometres northeast of La Ronge, Saskatchewan. In 2009, the Company's strategic focus and limited financial resources caused the Company to discontinue exploration on these properties in the short-term. As a result, the Company wrote down the carrying value of the properties to nil.

e) Limestone Lake/Hanson Lake properties

The Company held a 100% interest in 8 claims in the Limestone and Hanson Lake area located 85 kilometres west of Creighton, Saskatchewan. The Company allowed these claims to lapse and as a result the Company wrote down the carrying value of the properties to nil.

6. INCOME TAXES

The significant components of future income tax assets and liabilities at December 31, 2010 and 2009 are as follows:

	2010	2009
Future income tax assets		
Non-capital loss carry forwards	$ 1,508,555	$ 1,373,092
Share issue costs	47,661	61,276
Future income tax assets before valuation allowance	1,556,216	1,434,368
Future income tax liabilities – mineral properties	(264,025)	(167,940)
Valuation allowance	(1,455,527)	(1,266,428)
Net future income tax liabilities	**$ (163,336)**	**$ -**

The provision for income taxes differs from the amount computed by applying the combined expected federal and provincial income tax rate to earnings before income taxes. The reasons for these differences are as follows:

	2010	2009
Loss before income taxes	$ 936,380	$ 6,132,006
Combined federal and provincial tax rate	30.0%	31.0%
Expected tax recovery	(280,914)	(1,900,922)
Increase in taxes resulting from:		
Non-deductible stock option expenses	52,871	53,276
Other non-deductible amounts	17,933	2,995
Effect of change in effective tax rates	21,011	238,275
Change in valuation allowance	189,099	985,428
Future income tax recovery	**$ -**	**$ (620,948)**

As at December 31, 2010, the Company has operating losses for income tax purposes of $5,587,241 that are available to reduce taxes in future years. The losses expire as follows: 2014 – $246,217; 2015 – $435,501; 2026 – $746,142; 2027 – $1,363,135; 2028 – $1,368,116; 2029 – $850,020; 2030 – $578,110.

7. SHARE CAPITAL

Authorized

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

The common shares of the Company are entitled to dividends prorated and when declared by the Board of Directors and to one vote per share at meetings of the shareholders of the Company. Upon dissolution or any other distribution of assets, the shareholders are entitled to receive a prorata share of such distribution.

Issued and outstanding

	2010		2009	
	Common Shares	Amount	Common Shares	Amount
Balance, beginning of year	**80,115,483**	**$ 15,026,429**	**75,121,390**	**$ 14,781,186**
Common shares issued (a)	3,461,539	445,327	-	-
Common shares issued (b)	6,000,000	245,100	-	-
Common shares issued (c)	9,499,999	513,000	-	-
Common shares issued (d)	3,000,000	150,000	-	-
Common shares issued (e)	-	-	1,741,499	251,821
Common shares issued (f)	-	-	502,838	80,454
Flow-through shares issued (g)	-	-	2,749,756	604,946
Future income taxes on renunciation of flow-through shares	-	(163,336)	-	(637,497)
Issue costs	-	(36,291)	-	(54,481)
Balance, end of year	**102,077,021**	**$ 16,180,229**	**80,115,483**	**$ 15,026,429**

a) Common shares

In May 2010, the Company issued 3,461,539 units for gross proceeds of $450,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.22. The value of common shares was recorded as $445,327 and the estimated fair value of the warrants was recorded as $4,673. The warrants expire in May 2011.

b) Common shares

In October 2010, the Company issued 6,000,000 units for gross proceeds of $300,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.10. The value of common shares was recorded as $245,100 and the estimated fair value of the warrants was recorded as $54,900. The warrants expire in October 2011.

c) Common shares

In December 2010, the Company issued 9,499,999 units for gross proceeds of $570,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.10. The value of common shares was recorded as $513,000 and the estimated fair value of the warrants was recorded as $57,000. The warrants expire in December 2011.

d) Common shares

In October 2010, the Company issued 3,000,000 common shares valued at $150,000 for the settlement of a claim for unpaid expenditures related to an exploration program on its previously held Mud Lake property (see Note 12).

e) Common shares

In September 2009, the Company issued 1,741,499 units for gross proceeds of $313,470. Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.30. The value of common shares was recorded as $251,821 and the estimated fair value of the warrants was recorded as $61,649. The warrants expire in September 2010.

f) Common shares

In December 2009, the Company issued 502,838 common shares of Wescan pursuant to a shares-for-debt settlement agreement with a service provider. The shares-for-debt settlement extinguished $80,454 of the Company's debt for the issuance of 502,838 common shares at a price of $0.16 per share.

g) Flow-through shares

In July 2009, the Company issued 2,749,756 flow-through shares for gross proceeds of $604,946. The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, 2010; the deduction of which flows through to the shareholder. At December 31, 2010, all expenditure commitments had been met.

h) Share option plan

The Company has established a share option plan whereby options may be granted to directors, officers, consultants and employees to purchase up to an aggregate of 10% of the issued and outstanding shares of the Company. Options granted have an exercise price of not less than the closing price of the common shares on the stock exchange on which the shares are traded prior to the date on which the options were granted. Certain options vest immediately while others vest six to twenty-four months after grant date and expire five years from the date of the grant of the options.

During 2010, the Company granted 2,800,000 (2009 – 1,520,000) options to directors, officers, and employees. The fair value of these options was determined using the Black-Scholes option pricing model with the following assumptions:

	2010	2009
Number of options granted	2,800,000	1,520,000
Average strike price	$ 0.07	$ 0.16
Expected dividend	-	-
Expected volatility	111.5%	95.19%
Risk-free interest rate	2.20%	1.60%
Expected life of options (in years)	5.00	5.00
Grant date fair values	$ 156,520	$ 176,168

The fair value of the options granted during 2010, using the Black-Scholes option-pricing model was $156,520 (2009 – $176,168). The fair value of options vested and expensed from options granted this year and previous years was $176,236 (2009 – $171,858).

For options outstanding at December 31, 2010 and 2009, weighted average exercise prices are as follows:

	Options	Average Price
Balance – December 31, 2008	**4,977,500**	**$ 0.46**
Granted	1,520,000	0.16
Expired/Forfeited	(1,057,500)	0.25
Balance – December 31, 2009	**5,440,000**	**0.42**
Granted	2,800,000	0.07
Expired/Forfeited	(1,040,000)	0.29
Balance – December 31, 2010	**7,200,000**	**$ 0.30**

For options outstanding at December 31, 2010, the range of exercise prices; weighted average exercise price and the weighted average remaining contractual life is as follows:

	OUTSTANDING			EXERCISABLE	
Option Price Per Share	Options December 31, 2010	Weighted Average Exercise Price	Weighted Average Remaining Life	Options December 31, 2010	Weighted Average Exercise Price
$0.07	2,800,000	$0.07	4.50 years	2,800,000	$0.07
$0.16	1,250,000	0.16	3.32 years	1,208,333	0.16
$0.34 – 0.39	950,000	0.35	1.55 years	950,000	0.35
$0.50 – 0.91	2,200,000	0.66	0.77 years	2,200,000	0.66
	7,200,000	**$0.30**	**2.76 years**	**7,158,333**	**$0.30**

i) Warrants

On certain issues of common shares, the Company has issued warrants with the common shares entitling the holder to acquire additional common shares of the Company. A summary of the outstanding warrants is as follows:

	Warrants	Amount	Average Price
Balance – December 31, 2008	**1,003,873**	**$ 18,143**	**$ 0.35**
Issued	870,750	61,649	0.30
Expired	(1,003,873)	(18,143)	0.35
Balance – December 31, 2009	**870,750**	**61,649**	**0.30**
Issued	9,480,770	116,573	0.12
Expired	(870,750)	(61,649)	0.30
Balance – December 31, 2010	**9,480,770**	**$ 116,573**	**$ 0.12**

As at December 31, 2010, the warrants outstanding expire in May 2011 through to December 2011.

The warrants issued in 2010 were fair valued at $116,573 (2009 – $61,649). The fair value of the warrants issued in 2010 was determined using the Black-Scholes option-pricing model with the following assumptions: a volatility factor ranging from 60.6% to 90.2% (2009 – 132.0%), risk-free rate of return ranging from 1.15% to 1.33% (2009 – 0.57%), expected dividend of 0% (2009 – 0%), and expected term of 1 year (2009 – 1 year).

j) Broker warrants

On certain issues of common shares, the Company issued broker warrants as partial consideration to the agent for services associated with the share issuance. Each broker warrant entitles the agent to acquire one common share of the Company for a period of 12 months from closing. A summary of the outstanding broker warrants is as follows:

	Warrants	Amount	Average Price
Balance – December 31, 2008	**537,833**	**$ 11,221**	**$ 0.35**
Issued	170,826	9,737	0.30
Expired	(537,833)	(11,221)	0.35
Balance – December 31, 2009	**170,826**	**9,737**	**0.30**
Issued	226,216	2,715	0.10
Expired	(170,826)	(9,737)	0.30
Balance – December 31, 2010	**226,216**	**$ 2,715**	**$ 0.10**

As at December 31, 2010, the broker warrants outstanding expire in December 2011.

The broker warrants issued in 2010 were fair valued at $2,715 (2009 – $9,737). The fair value of the broker warrants was determined using the Black-Scholes option-pricing model with the following assumptions: a volatility factor of 90.2% (2009 – 120.2%), risk-free rate of return of 1.33% (2009 – 0.59%), expected dividend of 0% (2009 – 0%), and expected term of 1 year (2009 – 1 year).

k) Contributed surplus

A summary of the contributed surplus activity is as follows:

	2010	2009
Balance – beginning of year	$ 1,634,118	$ 1,432,896
Fair value of options vested	176,236	171,858
Contributed surplus related to broker warrants expired	9,737	11,221
Contributed surplus related to warrants expired	61,649	18,143
Balance – end of year	**$ 1,881,740**	**$ 1,634,118**

8. PER SHARE AMOUNTS

The calculation of loss per share amounts is based on the following:

	2010	2009
Numerator: Loss applicable to common shares	$ (911,380)	$ (5,511,058)
Denominator: Weighted average common shares outstanding	84,522,227	79,875,520
Basic and diluted loss per common share	**$ (0.01)**	**$ (0.07)**

Excluded from the calculation of diluted loss per common share were the effects of outstanding options, warrants and broker warrants as the effect on basic loss per share would be anti-dilutive.

9. CAPITAL DISCLOSURES

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

The Company considers the items included in shareholders' equity as capital and has primarily financed its explorations efforts through the issuance of shares.

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

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company is in the development stage and as such does not pay dividends. The Company's investment policy is to invest its cash in highly rated, liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

10. RELATED PARTY TRANSACTIONS

During the year management and consulting fees of $97,000 (2009 – $72,000) were paid to companies controlled by certain officers of the Company and were included as administration expense. Accounts payable includes $0 (2009 – $21,800) due to these companies.

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

11. FINANCIAL INSTRUMENTS

As at December 31, 2010, the fair value of all the Company's financial instruments approximates their carrying value. Certain financial instruments are exposed to the following risks:

a) Credit risk

Credit risk is the risk of an unexpected loss by the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk primarily relates to accounts receivables and investments in guaranteed investment certificates and treasury bills and is not considered significant.

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 December 31, 2010 the Company believes it will have sufficient access to financial markets to continue to fund its financial liabilities through future equity issues.

The Company does not currently operate any producing properties and as such, is dependent upon the issuance of new equity to advance its exploration properties. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or joint operations or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Wescan's future cash flows, earnings, results of operations and financial position.

12. SETTLEMENT WITH ALTO VENTURES LTD.

On October 29, 2010, the Company announced the settlement of a claim for unpaid expenditures related to an exploration program on its previously held Mud Lake property. The settlement required the issuance of 3,000,000 common shares to Alto Ventures Ltd. and $50,000 payable in two installments of $25,000 by October 31, 2010 (paid) and March 31, 2011 (included in accrued liabilities at December 31, 2010).

13. COMMITMENTS

As at December 31, 2010, the Company was committed to a lease for office space and equipment, as follows:

Year	
2011	$ 92,037
2012 and thereafter	1,034
Total	**$ 93,071**

14. SUBSEQUENT EVENT

On February 24, 2011, the Company closed a private placement financing consisting of an aggregate of 10,125,000 common shares in the capital of the Company ("Common Shares") issued on a flow-through basis pursuant to the *Income Tax Act* (Canada) (each an "FT Share") at a price of $0.15 per FT Share and 250,100 units of the Company ("Units") at a price of $0.14 per Unit, for aggregate gross proceeds of $1,553,764. Each Unit consists of one Common Share issued on a non flow-through basis, and one half of one Common Share purchase warrant (each a half "Unit Warrant"). Each whole Unit Warrant entitles the holder thereof to purchase one Common Share on a non flow-through basis at a price of $0.24 for a period of twelve months from the date of issuance.

15. COMPARATIVE FIGURES

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

DIRECTORS
and Officers

Kenneth E. MacNeill
Chairman of the Board of Directors
and Chief Executive Officer

Harvey J. Bay
Chief Financial Officer and Director

Darren S. Anderson
President

Mark A. Shimell
Vice-President of Exploration

Maurice F. Lindsay
Director

Arnold E. Hillier
Director

Gary L. Billingsley
Director

Val L. Michasiw
Director

CORPORATE
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Solicitors
Bennett Jones LLP, Calgary, Alberta

Transfer Agent
Valiant Trust Company, Calgary, Alberta

Annual General and Special Meeting
Wednesday June 22, 2011 - 10 A.M.
Radisson Hotel - Picasso Room
405 - 20th Street East
Saskatoon, Saskatchewan

Exchange Listing
TSX Venture

Trading Symbol
WGF

NOTES

WESCAN GOLDFIELDS INC.