

# WESCAN GOLDFIELDS INC.



**Management's Discussion and Analysis**  
**June 30, 2017**

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

The following discussion and analysis is prepared by Management as of August 29, 2017 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the quarter ended June 30, 2017 ("financial statements for the quarter ended June 30, 2017"), as well as the audited consolidated financial statements and annual MD&A for the year ended December 31, 2016 available on SEDAR at www.sedar.com. Wescan Goldfields Inc. ("Wescan" or "the Company") prepared its financial statements for the period ended June 30, 2017 in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All currency amounts are quoted in Canadian Dollars, unless otherwise stated.

### Overview

The Company is assessing future options for its portfolio of gold properties in the La Ronge Gold Belt in northern Saskatchewan. No exploration programs were carried out during the six months ended June 30, 2017 and 2016. The Company will also continue to evaluate the potential for the acquisition of other mineral properties that fit the Company's strategic direction.

### Financial Highlights

Select financial information of the Company for the three and six months ended June 30, 2017 and 2016 is summarized as follows:

	Three Months Ended June 30, 2017 \$	Three Months Ended June 30, 2016 \$	Six Months Ended June 30, 2017 \$	Six Months Ended June 30, 2016 \$
Interest and other income	-	-	-	-
Net loss	102,394	65,533	162,126	78,912
Net loss per share <sup>(1)</sup>	0.00	0.00	0.00	0.00
Total assets	301,492	46,956	301,492	46,956
Working capital (deficiency)	49,931	(205,475)	49,931	(205,475)

(1) Basic and diluted.

### Results of Operations

For the quarter ended June 30, 2017 the Company recorded a net loss of \$102,394 (\$0.00 per share) compared to \$65,533 (\$0.00 per share) for the same period in 2016. This increase of \$36,861 is primarily due to higher administration expenditures incurred compared to the same period in 2016.

### Expenses

Total operating expenses for the quarter ended June 30, 2017 were \$102,603, compared to \$65,533 for the same period of 2016. This increase of \$37,070 is primarily due to higher administration expenditures. The Company is currently assessing future options for its portfolio of gold properties and as such no exploration programs were carried out during the quarters ended June 30, 2017 and 2016.



Administration expenses incurred for the quarter ended June 30, 2017 were \$102,169 compared to \$63,158 for the same period in 2016. This \$39,011 increase was primarily due to higher non-cash share-based compensation (\$83,781, compared to \$43,500 during the same period in 2016). Costs in the administration category relating to amortization, office and equipment rent, regulatory requirements and other office related expenses, decreased from period to period as a result of efforts to reduce costs.

The Company is currently assessing future options for its portfolio of gold properties and as such no exploration programs were carried out during the quarters ended June 30, 2017 and 2016. During the quarter ended June 30, 2016, the Company incurred expenditures of \$750 relating to the maintenance of certain mineral claims.

Corporate development costs decreased to \$434 in the second quarter of 2017 compared to \$1,625 for the same period in 2016.

### ***Financing***

No financing activities occurred during the quarters ended June 30, 2017 and 2016.

### **Year to Date**

### ***Results of Operations***

For the six months ended June 30, 2017, the Company recorded a net loss of \$162,126 (\$0.00 per share) compared to a net loss of \$78,912 (\$0.00 per share) for the same period in 2016. This increase was primarily the result of higher expenditures relating to exploration and evaluation properties as well as higher administration expenses incurred during the six months ended June 30, 2017 compared to the same period in 2016.

### ***Expenses***

Total expenditures for the six months ended June 30, 2017 were \$162,623 compared to \$78,912 for the same period of 2016. This increase of \$83,711 is primarily due to higher expenditures relating to exploration and evaluation properties as well as higher administration expenditures incurred.

During the six months ended June 30, 2017, the Company incurred expenditures of \$43,502 relating to the maintenance of certain mineral claims (2016 - \$750).

Administration expense increased to \$118,687 for the six months ended June 30, 2017 compared to \$76,037 for the same period in 2016. This \$42,650 increase was primarily due to non-cash share-based compensation (\$83,781 compared to \$43,500 during the same period in 2016). Costs in the administration category also relate to amortization, office and equipment rent, regulatory requirements and other office related expenses.

Corporate development costs decreased to \$434 for the six months ended June 30, 2017 compared to \$2,125 for the same period of 2016.

### ***Financing***

No financing activities occurred during the six months ended June 30, 2017 and 2016.



## Summary of Quarterly Results

	2017		2016				2015	
	Qtr 2 \$	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$
Net loss <sup>(1)</sup>	(102,394)	(59,732)	(12,586)	(12,198)	(65,533)	(13,379)	(4,873)	(12,280)
Net loss/share <sup>(2)</sup>	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Shares outstanding <sup>(3)</sup>	44,459,320	44,459,320	44,459,320	44,459,320	37,259,320	37,259,320	37,259,320	26,759,320

- (1) The net loss in the second quarter of 2017 and 2016 were higher due to expenditures relating to share-based payments. The remaining quarters reflect normal operations of the Company.
- (2) Basic and diluted.
- (3) During the third quarter of 2016, the Company issued 7,200,000 common shares pursuant to a private placement. During the fourth quarter of 2015, the Company issued 10,500,000 common shares pursuant to a private placement.

## Related Party Transactions

During the six months ended June 30, 2017, Mr. Kenneth E. MacNeill (Chief Executive Officer), through his consulting company, waived his management fees. Total compensation paid to key management personnel, including amounts paid or payable to related parties owned by key management personnel, executive officers and directors, was comprised of share-based payments of \$77,517 (2016 - \$35,705). These amounts have been included in administration expense on the statement of loss and comprehensive loss. The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The fair value of share-based payments was determined using the Black-Scholes model.

## Liquidity

The Company currently has no ongoing source of revenue and, as such, is dependent upon the issuance of new equity to finance its ongoing obligations and to advance its exploration properties. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

The Company provided an indemnification to subscribers of flow-through shares in an amount equal to the income tax that would be payable by subscribers in the event, and as a consequence, of the Company not incurring and renouncing qualifying expenditures as required under the subscription agreement. The Company is liable for any tax that will be payable by subscribers as a result of not incurring certain qualifying expenditures by December 31, 2012. An amount of \$233,730 has been accrued at June 30, 2017 (2016 - \$233,730).

As at June 30, 2017, the Company had working capital of \$49,931 as compared to \$127,794 at December 31, 2016. Included in the working capital at June 30, 2017 are



\$13,517 of payables and accrued liabilities from operating activities, as well as the \$233,730 provision representing estimated amounts to indemnify certain flow-through subscribers as a result of the Company not incurring certain qualifying expenditures by December 31, 2012. Management believes that, while this liquidity is sufficient to meet the Company's minimum cash requirements for the year ending December 31, 2017, it will not be sufficient to meet the Company's requirements beyond 2017. Management has suspended all activity at the mineral properties and, as such, does not believe there is opportunity to further reduce cash outflows. As such, there is a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern.

### **Capital Resources and Outstanding Share Data**

As at June 30, 2017 the Company had 44,459,320 shares outstanding and 3,720,000 options with a weighted average exercise price of \$0.07. As at August 29, 2017, the Company's issued and outstanding shares and options remained unchanged from June 30, 2017. In the event all options at August 29, 2017 were exercised, the Company would be required to issue a further 3,720,000 common shares for gross cash proceeds of \$245,600.

### **Financial Instruments**

As at June 30, 2017, the fair value of all of the Company's financial instruments approximates their carrying value. Certain financial instruments are exposed to the following financial risks:

#### ***Credit risk***

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that may have credit risk consist primarily of cash and cash equivalents and receivables. The Company's cash and cash equivalents are held by financial institutions with an A (low) credit rating. The Company may invest excess cash, if any, in guaranteed investment certificates until it is required. The Company's receivables are mainly comprised of GST receivable and therefore credit risk is minimal. The Company has gross credit exposure at June 30, 2017 relating to cash and cash equivalents and receivables of \$292,809 (December 31, 2016 – \$383,252).

#### ***Liquidity risk***

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

As at June 30, 2017, the Company is committed to current liabilities of \$247,247 (December 31, 2016 - \$255,992) with working capital of \$49,931 (December 31, 2016 - \$127,794). As a result, working capital is not sufficient to meet financial obligations as they fall due beyond 2017. The Company is pursuing options to meet these obligations, to finance the future exploration of its properties as well as for general and administrative expenses of the Company. Financing options may include joint venture arrangements, debt financing, equity financing or other means. There is no assurance that Wescan will be successful in obtaining required financing when needed or at all. Failure to obtain



additional financing on a timely basis may cause the Company to postpone exploration plans, forfeit rights in its properties or reduce or terminate its operations. As at June 30, 2017 all of the Company's mineral property claims are in good standing with no requirement to incur further expenditures for the remainder of 2017.

### ***Market risk***

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

### **Accounting Changes**

#### ***Future Accounting Changes***

At the date of authorization of these consolidated financial statements for the period ended June 30, 2017, the IASB has issued the following new Standards which are not yet effective for the relevant reporting periods.

#### IFRS 9 – Financial Instruments

On July 24, 2015 the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement", and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company does not intend to early adopt IFRS 9 and has not yet fully evaluated the impact of this new standard however the impact is not expected to be material.

#### IFRS 15 – Revenue from contracts with customers

IFRS 15 will replace IAS 11, "Construction Contracts" and IAS 18, "Revenue" and related interpretations effective for annual periods commencing on or after January 1, 2018. IFRS 15 introduces a new single revenue recognition model for contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The Company does not intend to early adopt IFRS 15 and has not yet fully evaluated the impact of this new standard however the impact is not expected to be material.

#### IFRS 16 – Leases

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



## IFRS 2 – Share-based payments

In June 2016, the IASB issued amendments to IFRS 2. These amendments clarify how to account for certain share-based payment transactions, including accounting for cash-settled share-based payment transactions; accounting for share-based payment transactions with net settlement features; and accounting for modifications of share-based payment transactions from cash-settled to equity. IFRS 2 amendments are effective for annual periods beginning on or after January 1, 2018. The Company does not intend to early adopt the amendments to IFRS 2 and has not yet fully evaluated the impact of the amendments however the impact is not expected to be material.

There are no other IFRSs or International Financial Reporting Interpretations Committee (“IFRIC”) interpretations that are not yet effective that would be expected to have a material impact on the Company.

## **Outlook**

The Company has focused previous exploration efforts on its northern Saskatchewan properties with known gold mineralization located in the La Ronge Gold Belt. The Company is assessing future options for the Company's Jojay, Munro Lake and Jasper gold properties. The Company will also continue to evaluate the potential for the acquisition of other mineral properties that fit the Company's strategic direction. The Company will be required to raise additional funds to meet its current commitments as well as for ongoing working capital requirements beyond 2017. There is no assurance that the Company will be successful in obtaining required financing when needed or at all.

## **Risks and Uncertainties**

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

### ***Risks Associated With a Non-Producing Company***

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

The further development and exploration of exploration and evaluation properties in which Wescan holds interests or which Wescan acquires may depend upon Wescan's ability to obtain financing through debt financing, equity financing or other means. The Company does not have sufficient funds to put any of its property interests into production from its own financial resources. There is no assurance that Wescan will be successful in obtaining required financing as and when needed. Failure to obtain



additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Wescan's future cash flows, earnings, results of operations and financial condition. The relative prices of applicable commodities and future expectations for such prices have a significant impact on the market sentiment for investment in mining and exploration companies.

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

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

### **Technical Information**

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

### **Caution Regarding Forward-looking Information**

This MD&A contains forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of Canadian Securities legislation and the United States Private Securities Litigation Reform Act of 1995. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements, and, in particular, statements regarding Wescan's future operations, future exploration and development activities or other development plans contain forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, the ability to raise funds to meet commitments and pursue exploration activities, the use of such funds, future



plans for the Jojay, Jasper and Munro Lake properties and the acquisition and exploration of additional properties.

These forward-looking statements are based on Wescan's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to, developments in world gold markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of Wescan, the effects of competition in the markets in which Wescan operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings and operational risks and the additional risks described in Wescan's most recently filed annual and interim MD&A, news releases and technical reports. Wescan's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

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

Further information relating to the Company has been filed on SEDAR and may be viewed at [www.sedar.com](http://www.sedar.com).

