

WESCAN GOLDFIELDS INC.



Management's Discussion and Analysis **December 31, 2019**

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

The following discussion and analysis is prepared by Management as of April 28, 2020 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019 ("financial statements for the year ended December 31, 2019") available on SEDAR at www.sedar.com. Wescan Goldfields Inc. ("Wescan" or "the Company") prepared its financial statements for the year ended December 31, 2019 in accordance with International Financial Reporting Standards ("IFRS"). All currency amounts are quoted in Canadian Dollars, unless otherwise stated.

Overview

During 2019, the Company carried out a field exploration program on the Company's Munro Lake gold property ("Munro Lake"). Work performed included reconnaissance prospecting and mapping as well as a geochemical survey. The Munro Lake property consists of mineral dispositions covering 2,489 hectares located approximately 128 kilometers northeast of La Ronge, Saskatchewan. Munro Lake is located approximately seven kilometers from a producing gold mine and is on trend with other known gold mineralized zones in the area. Limited historical exploration work has been performed on Munro Lake.

Projects

Jojoy Gold Project

Background

The Company holds a 100% interest in the Jojoy gold property, consisting of five claim blocks covering 1,496 hectares located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The Company's initial 25% interest in the property was acquired from Star Diamond Corporation (formerly Shore Gold Inc.) in 2004 in exchange for shares of the Company. The remaining 75% was acquired from SSR Mining Inc. (formerly Claude Resources Inc.) in 2006 in exchange for shares. The Company has an Indicated Mineral Resource and Inferred Mineral Resource, as defined under National Instrument ("NI") 43-101, on the Jojoy gold deposit which was completed on February 4, 2010. The NI 43-101 compliant Mineral Resource Estimate completed by ACA Howe International Limited ("ACA Howe") includes 21 Wescan diamond drill holes completed in 2005 and 2007-2008 and 79 historic drill holes (see Wescan News Release dated February 4, 2010). At a block cut-off grade of 2.0 grams per tonne Au, non-diluted Indicated Mineral Resources, located entirely in the Red Zone, amount to 420,000 tonnes with an average grade of 3.7 grams per tonne Au, for 50,000 ounces gold. Non-diluted Inferred Mineral Resources, approximately half of which were located in the Red Zone, amount to 630,000 tonnes with an average grade of 4.3 grams per tonne Au, for 87,000 ounces gold. No Measured Mineral Resources or Mineral Reserves of any category were identified. Mineral resources are not mineral reserves and by NI 43-101 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.



Based on recommendations from a review of historical drilling data that was completed in February 2011 and the recommendations contained in the Technical Report that accompanied the NI 43-101 compliant Resource Estimate, Wescan commenced a 2,678.5 metre drill program (10 holes) in June 2011. The program successfully identified significant mineralized zones outside the existing drill-defined area of mineralization and successfully confirmed, as well as infilled, historical drilling results.

Current year and future activities

No activity occurred on the Jojay property during the year ended December 31, 2019. Management is currently assessing options for future work on this property.

Munro Lake Gold Project

Background

The Company holds a 100% interest in the Munro Lake gold property. The Munro Lake property consists of mineral dispositions covering 2,489 hectares located approximately 128 kilometers northeast of La Ronge, Saskatchewan. The Company's initial 51% interest in the property was acquired from Star Diamond Corporation in 2004 in exchange for shares of the Company and has increased to 100% based on non-participation of the former joint venture partner in past exploration programs. Munro Lake is located approximately seven kilometers from a producing gold mine and is on trend with other known gold mineralized zones in the area. Limited historical exploration work has been performed on Munro Lake.

During 2011 the Company conducted a magnetic and electromagnetic airborne geophysical survey on the Munro Lake property (see Wescan News Release dated June 22, 2011). The intent of the airborne geophysical survey was to assist in the interpretation of historic soil sampling and prospecting programs that had identified anomalous gold targets throughout the property. During 2013, the Company announced the results of a winter drill program on the Munro Lake property (see Wescan News Release dated June 17, 2013). This winter drill program consisted of 1,052.34 metres of diamond drilling over 4 holes. Drilling results included an interval of 67.1 g/t Au over 1.00 metres in a vein with associated visible gold as well as 7.1 g/t Au over 1.00 metres.

Current year and future activities

During 2019, the Company carried out a field exploration program on the Company's Munro Lake gold property ("Munro Lake"). Work performed included reconnaissance prospecting and mapping as well as a geochemical survey. Management is currently assessing options for future work on this property.

Jasper Gold Project

Background

The Company holds a 100% interest in the Fork Lake/Jasper/Tamar ("Jasper") gold property, consisting of certain mineral dispositions covering 6,513 hectares located approximately 150 kilometers northeast of La Ronge, Saskatchewan. The property contains the high grade Jasper Gold Mine which mined and milled 140,127 tonnes at an average grade of 18.9 grams per tonne in the early 1990s. The Company's initial interest in the



property was acquired from Star Diamond Corporation in 2004 in exchange for shares of the Company. The Company performed drilling in 2005, 2006, and 2007 of certain deeper zones and during 2011 the Company completed a 2,313.5 metre drill program (9 holes) to further assess the future potential of this past producing gold mine. During 2013 the Company performed a drill program to further evaluate the Jasper property. This program was carried out following examination of Wescan's 2005, 2006 & 2011 diamond drill programs on the Jasper property and recommendations of the Technical Report for the Jasper Gold Project, completed by A.C.A. Howe International dated November 30, 2005.

The Company intends to continue exploration efforts on the Jasper Gold deposit before an NI 43-101 Resource Estimate is completed to maximize any potential mineral resources.

Current year and future activities

No activity occurred on the Jasper property during the year ended December 31, 2019. Management is currently assessing options for future work on this property.

Financial Highlights

Selected Annual Information

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

	2019 \$	2018 \$	2017 \$
Interest and other income	323	511	888
Net income (loss)	(101,995)	41,489	(179,476)
Net income (loss) per share	0.00	0.00	(0.00)
Total assets	120,509	226,839	286,692
Total non-current liabilities ⁽¹⁾	75,520	75,520	75,520
Working capital	102,398	203,778	33,062

(1) Non-current liabilities are comprised of an environmental rehabilitation provision.

Year Ended December 31, 2019

Results of Operations

For the year ended December 31, 2019 the Company recorded a net loss of \$101,995 (\$0.00 per share) compared to net income of \$41,489 (\$0.00 per share) for 2018. The net loss during 2019 was due to ongoing operating costs incurred by the Company. Net income for the year ended December 31, 2018 was due to the reversal of a previously recorded provision.

Expenses

Total expenses for the year ended December 31, 2019 were \$102,318 compared to \$192,752 for 2018. This decrease of \$90,434 was primarily due to lower share-based compensation expense as well as lower exploration and evaluation expenditures incurred.

Administration expense incurred during 2019 decreased to \$54,332, compared to \$134,027 in 2018. This decrease of \$79,695 was primarily due to lower non-cash share-based compensation (\$0, compared to \$79,458 during the same period in 2018). Costs in the



administration category relating to depreciation, interest, professional fees, regulatory requirements and other office related expenses decreased from period to period as a result of efforts to reduce costs. During 2019, the Company incurred exploration and evaluation expenditures of \$47,986 compared to \$56,965 in 2018. Corporate development costs decreased to \$0 in 2019 compared to \$1,760 for the same period in 2018 due to lower corporate activities in the year.

Financing

No financing activities occurred in 2019. During 2018 the Company completed a private placement financing consisting of an aggregate of 625,000 flow-through common shares at a price of \$0.08 per flow-through common share, for gross proceeds of \$50,000 (see WGF News Release dated May 4, 2018). The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, 2019; the deduction of which flowed through to the shareholder. The Company fulfilled this obligation as of December 31, 2018.

Summary of Quarterly Results

	2019				2018			
	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$	Qtr 4 \$	Qtr 3 \$	Qtr 2 \$	Qtr 1 \$
Net income (loss) ⁽¹⁾	(51,973)	(7,285)	(25,747)	(16,990)	(11,371)	224,418	(154,683)	(16,875)
Net loss/share ⁽²⁾	(0.00)	0.00	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)
Shares outstanding ⁽³⁾	45,084,320	45,084,320	45,084,320	45,084,320	45,084,320	45,084,320	45,084,320	44,459,320

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

(2) Basic and diluted.

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

Fourth Quarter Results

For the quarter ended December 31, 2019, the Company recorded a net loss of \$51,973 (\$0.00 per share) compared to a net loss of \$11,371 (\$0.00 per share) during the same period in 2018. The loss incurred during the fourth quarter of 2019 was primary related to exploration and evaluation expenditures incurred as well as general operating costs. Exploration and evaluation expense for the fourth quarter of 2019 increased by \$40,241 compared to the same period in 2018 due to field work incurred.

Related Party Transactions

During 2019 and 2018, Mr. Kenneth E. MacNeill (Chief Executive Officer) through his consulting company, waived his management fees.

Total compensation paid to key management personnel, including amounts paid or payable to related parties owned by key management personnel, executive officers and directors, was comprised of share-based payments of \$0 (2018 - \$73,226). These amounts have been



included in administration expense on the statement of income (loss) and comprehensive income (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.

As at December 31, 2019, the Company had working capital of \$102,398 compared to \$203,778 at December 31, 2018. Included in the working capital at December 31, 2019 are payables and accrued liabilities of \$15,662 (2018 - \$19,997). At December 31, 2017, the Company had recorded a \$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. The Company has not received any claims from subscribers relating to this event. This indemnification provision was reversed during 2018.

Capital Resources and Outstanding Share Data

As at December 31, 2019 the Company had 45,084,320 shares outstanding and 4,190,000 options with a weighted average exercise price of \$0.06. As at April 28, 2020, the Company's issued and outstanding shares and outstanding options remained unchanged from December 31, 2019.

Financial Instruments

As at December 31, 2019, 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 December 31, 2019 relating to cash and cash equivalents and receivables of \$117,494 (2018 - \$223,209).



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 December 31, 2019, the Company is committed to current liabilities of \$15,662 (2018 - \$19,997) with working capital of \$102,398 (2018 - \$203,778). As at December 31, 2019 all of the Company's mineral property claims are in good standing with a requirement to incur \$15,126 of committed expenditures on certain mineral properties in 2020 to keep these properties in good standing. The Company has assessed that the existing working capital is sufficient to fund the minimum expenditures the Company must incur to sustain its operations through 2020.

The further exploration, evaluation and/or development of exploration and evaluation properties in which the Company holds interests or which the Company acquires may depend upon the Company's ability to obtain financing through equity issues or other forms of financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration plans, forfeit rights in its properties or reduce or terminate its operations.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, commodity price risk, interest rate risk and equity risk.

Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation since it is currently not producing.

Commodity price risk:

Commodity price risk is the risk that a variation in commodity price will affect the Company's operations and financial results. The Company does not have significant exposure to commodity price fluctuations since it is currently not producing.

Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity risk:

The Company does not have any equity investments and is not exposed to equity risk.



Accounting Changes

New IFRS standards, amendments and interpretations effective during the period

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

IFRS 16 – Leases

IFRS 16 replaces IAS 17, “Leases” and related interpretations effective for annual periods commencing on or after January 1, 2019. IFRS 16 follows a ‘right-of-use’ model which requires most leases to be reported on a company’s financial statements as assets and liabilities, eliminating the former dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Upon adoption of IFRS 16, there was no impact to the Company’s financial statements, as no right-of-use assets or lease liabilities were recognized.

Future Accounting Changes

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

IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of “material” across the standards and to clarify certain aspects of the definition. The objective of this amendment is to improve disclosure effectiveness in the financial statements by improving the understanding of the existing requirements rather than to significantly impact an entity’s materiality judgments. The amendments apply prospectively to annual periods beginning on or after January 1, 2020, with earlier application permitted. The Company does not expect any significant impact from the adoption of these amendments.

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

Outlook

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

Risks and Uncertainties

The Company attempts to mitigate risks by identifying, assessing, reporting and managing risks of significance. The following are risks relating to the business of the Company. This information is only a summary of risks currently facing the Company based on its stage of



development. Additional risks and uncertainties not presently known may also impact the Company's operations. Management's view on risks facing the Company will evolve as the Company's stage of development progresses.

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 equity financing, debt financing or other means. The Company does not have sufficient funds to put any of its property interests into production from its own financial resources. There is no assurance that Wescan will be successful in obtaining required financing as and when needed. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on Wescan's future cash flows, earnings, results of operations and financial condition. The relative prices of applicable commodities and future expectations for such prices have a significant impact on the market sentiment for investment in mining and exploration companies.

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

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



Technical Information

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

Caution Regarding Forward-looking Information

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

These forward-looking statements are based on Wescan's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to, developments in world gold markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of Wescan, the effects of competition in the markets in which Wescan operates, impact to the markets in which Wescan operates and to the Company's activities due to the continued spread of COVID-19, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings and operational risks and the additional risks described in Wescan's most recently filed annual and interim MD&A, news releases and technical reports. Wescan's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

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

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

