

Westcan Uranium Corp.
CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the six month period ended June 30, 2011

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed financial statements for Westcan Uranium Corp have been prepared by management in accordance with International Financial Reporting Standards. The Company's independent auditor has not performed a review of these interim condensed financial statements.

Westcan Uranium Corp.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

Expressed in Canadian Dollars

June 30, 2011

	June 30, 2011	December 31, 2010
Assets		
Current assets		
Cash (Note 5)	\$ 370,789	\$ 1,752,016
Amounts receivable	43,883	-
HST/GST receivable	104,492	52,032
Advances and prepaid expenses (Note 6)	7,450	4,042
Total current assets	\$ 526,614	\$ 1,808,090
Non-current assets		
Exploration and evaluation assets (Note 7 and Schedule)	\$ 3,277,191	\$ 2,635,378
Property, plant and equipment (Note 8)	119,354	9,155
Total non-current assets	\$ 3,396,545	\$ 2,644,533
Total assets	\$ 3,923,159	\$ 4,452,623
Liabilities and shareholders' equity		
Current liabilities		
Trade and other payables	\$ 254,993	\$ 335,543
Other liabilities (Note 9)	90,587	90,587
Total current liabilities	\$ 345,580	\$ 426,130
Total liabilities	\$ 345,580	\$ 426,130
Shareholders' equity		
Share capital (Note 10)	\$ 13,715,799	\$ 13,702,298
Subscriptions receivable	-	(10,000)
Contributed surplus (Note 10)	2,300,617	1,411,414
Accumulated deficit	(12,438,837)	(11,077,219)
Total shareholders' equity	\$ 3,577,579	\$ 4,026,493
Total liabilities and shareholders' equity	\$ 3,923,159	\$ 4,452,623

Westcan Uranium Corp.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS/INCOME (UNAUDITED)

Expressed in Canadian Dollars

	3 months ended June 30		6 months ended June 30	
	2011	2010	2011	2010
Interest and other income	\$ 22,709	\$ 303	\$ 26,149	\$ 433
Amortization (Note 8)	3,535	-	6,624	-
Employee costs	-	203,874	889,204	203,874
Other expenses (Note 12)	294,778	153,965	491,940	296,867
Total expenses	298,313	357,839	1,387,768	500,741
Loss before income tax	(275,604)	(357,536)	(1,361,619)	(500,308)
Income tax expense (Note 13)	-	-	-	-
Loss and total comprehensive loss for the period	\$ (275,604)	\$ (357,536)	\$ (1,361,619)	\$ (500,308)
Loss per common share, basic and diluted (Note 16)	(0.01)	(0.02)	(0.03)	(0.03)

The accompanying notes form an integral part of these condensed interim financial statements

Westcan Uranium Corp.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Expressed in Canadian Dollars

For the six months ended June 30, 2011

	Share capital	Contributed surplus	Subscriptions	Deficit	Total
Balance at January 1, 2010	\$ 11,575,957	\$ 914,630	\$ -	\$ (10,008,828)	\$ 2,481,759
Loss for the period				(500,308)	(500,308)
Share capital issued for cash (Note 10)	433,344				433,344
Share capital issued for property	300,000				300,000
Stock options issued		239,892			239,892
Balance at June 30, 2010	\$ 12,309,301	\$ 1,154,522	\$ -	\$ (10,509,136)	\$ 2,954,687
Balance at January 1, 2011	\$ 13,702,298	\$ 1,411,414	\$ (10,000)	\$ (11,077,219)	\$ 4,026,493
Loss for the period				(1,361,619)	(1,361,619)
Share capital issued for cash (Note 10)			10,000		10,000
Stock options issued		889,203			889,203
Options exercised					-
Warrants exercised	13,501				13,501
Share issue costs					-
Balance at June 30, 2011	\$ 13,715,799	\$ 2,300,617	-	\$ (12,438,837)	\$ 3,577,579

The accompanying notes form an integral part of these condensed interim financial statements

Westcan Uranium Corp.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

Expressed in Canadian Dollars

	3 months ended June 30		6 months ended June 30	
	2011	2010	2011	2010
Cash flows from operating activities				
Loss for the period	(275,604)	(357,536)	(1,361,619)	(500,308)
Adjustments to reconcile loss to net cash used in operating activities:				
Amortization (Note 8)	3,535	-	6,624	-
Stock-based compensation	-	203,874	889,204	203,874
Interest income	(1,359)	(303)	(4,799)	(433)
Changes in non-cash working capital balances:				
Amounts receivable	(43,883)	(3,877)	(43,883)	(3,877)
HST/GST receivable	(28,296)	(4,737)	(52,460)	(4,316)
Advances and prepaid expenses (Note 6)	724,134	17,264	(3,408)	(2,732)
Accounts payable	(107,363)	(18,211)	(80,550)	(12,763)
Cash generated from operations	271,164	(163,526)	(650,891)	(320,555)
Income tax paid	-	-	-	-
Total cash inflows from operating activities	271,164	(163,526)	(650,891)	(320,555)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(13,825)	-	(116,822)	-
Investment in exploration and evaluation assets	(635,067)	551	(641,813)	(305,738)
Interest received	1,359	303	4,799	433
Total cash (outflows) from investing activities	(647,533)	854	(753,836)	(305,305)
Cash flows from financing activities				
Proceeds from share issuance	-	469,362	23,500	769,362
Proceeds from exercise of warrants	-	-	-	-
Total cash inflows from financing activities	-	469,362	23,500	769,362
Total increase in cash during the period	(376,369)	306,690	(1,381,227)	143,502
Cash and cash equivalents at beginning of period (Note 5)	747,158	140,121	1,752,016	303,309
Cash and cash equivalents at end of period (Note 5)	370,789	446,811	370,789	446,811

The accompanying notes form an integral part of these condensed interim financial statements

1. CORPORATE INFORMATION

Westcan Uranium Corp.'s ("Westcan" or the "Company") business activity is the exploration and evaluation of mineral properties in Canada. The Company was incorporated under the Canada Business Corporations Act on May 30, 1986, and has continued as a company under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange, having the symbol WCU-V, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

The address of the Company's corporate office and principal place of business is Suite 900, 555 Burrard Street, Vancouver, British Columbia, Canada V7X 1M8.

2. BASIS OF PREPARATION

a) Statement of Compliance

These Consolidated Interim Financial Statements are unaudited and have been prepared in accordance with IAS 34 '*Interim Financial Reporting*' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's second IFRS Consolidated Interim Financial Statements for part of the period covered by the Company's first IFRS Consolidated Annual Financial Statements for the year ending December 31, 2011. Previously, the Company prepared its Consolidated Annual and Consolidated Interim Financial Statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

As these are the Company's second set of Consolidated Interim Financial Statements in accordance with IFRS, the Company's disclosures exceed the minimum requirements under IAS 34. The Company has elected to exceed the minimum requirements in order to present the Company's accounting policies in accordance with IFRS and the additional disclosures required under IFRS, which also highlight the changes from the Company's 2010 annual Consolidated Financial Statements prepared in accordance with Canadian GAAP. In 2012 and beyond, the Company may not provide the same amount of disclosure in the Company's Consolidated Interim Financial Statements under IFRS as the reader will be able to rely on the annual consolidated financial statements which will be prepared in accordance with IFRS.

These condensed interim financial statements should be read in conjunction with the Company's 2010 annual financial statements and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 18.

The condensed interim financial statements were authorized for issue by the Board of Directors on August 29, 2011.

b) Basis of Measurement

The condensed interim financial statements have been prepared on a historical cost basis.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a net loss of \$275,604 during the three months-ended June 30, 2011 (2010: \$357,536) and as of that date the Company's deficit was \$12,438,837 (2010: \$10,248,695). However, the Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are expected to be adopted for the year-ending December 31, 2011 and have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS balance sheet at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

a) Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

c) Leased Assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

d) Mineral Exploration and Evaluation Expenditures**Pre-exploration Costs**

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and will be classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

e) Property, Plant and Equipment**Recognition and Measurement**

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Amortization

Amortization is recognized in profit or loss and is provided on a declining balance method basis over the estimated useful life of the assets at the following rates:

Furniture and Fixtures	20%
Office Equipment	20-30%
Field Equipment and Vehicles	20%

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

f) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income.

g) Financial Instruments**Financial Assets**

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired as either financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held to maturity investments ("HTM"), or available for sale financial assets ("AFS"), as appropriate. The Company's financial assets include cash, advances and other receivables. There are no financial assets designated as FVTPL, HTM or AFS.

All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy is as follows:

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid.

h) Provisions**Rehabilitation Provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

As of January 1, 2010, December 31, 2010, and March 31, 2011 there were no rehabilitation provisions to be recognized.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

i) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered

j) Government Grants

From time to time the Company receives government incentive programs such as investment tax credits. Government incentives are accrued when there is reasonable assurance of realization and reflected as a reduction of the related asset or expense. In the event the investment tax credits received are less than the amount claimed, the difference will be reflected in operations in the period in which it is determined.

k) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds in Note 9.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Earnings / Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

l) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

The Company has early adopted the amendments to IFRS 1 which replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs'. This eliminates the need for the Company to restate derecognition transactions that occurred before the date of transition to IFRSs. The amendment is effective for year-ends beginning on or after July 1, 2011; however, the Company has early adopted the amendment. The impact of the amendment and early adoption is that the Company only applies IAS 39 derecognition requirements to transactions that occurred after the date of transition.

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will or may have an effect on the Company's future results and financial position:

- **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

- **IFRS 13 Fair Value Measurement**

IFRS 13 Fair Value Measurement defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has yet to assess the impact that IFRS 13 is likely to have on the Company's financial statements.

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will not have an effect on the Company's future results and financial position:

- IFRS 1: Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
- IAS 12: Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12 (Effective for periods beginning on or after January 1, 2012)
- Amendments to IFRS 9: Financial Instruments (Effective for periods beginning on or after January 1, 2013)
- IFRS 10, "Consolidated Financial Statements", establishing principles for the presentation and preparation of consolidated financial statements (effective for periods beginning on or after January 1, 2013)
- IFRS 11, "Joint Arrangements", which sets out principles for the financial reporting of joint arrangements (effective for periods beginning on or after January 1, 2013)
- IFRS 12, "Disclosure of Interests in Other Entities", to address an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity (effective for periods beginning on or after January 1, 2013)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

i) Rehabilitation Provisions

The Company has made no provision for rehabilitation provisions to date, as management estimates that no significant potential rehabilitation costs exist at this time.

ii) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

iii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iv) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company only recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to generate future taxable profits at the time the losses are recouped.

v) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

5. CASH AND CASH EQUIVALENTS

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

6. ADVANCES AND PREPAID EXPENSES

Decrease in the three months ended June 30, 2011 was due to two large advances paid to CanAlaska Uranium Corp. in the three months ended March 31, 2011 as the result of cash calls for the Grease River property in which the Company owns an interest. These payments comprised \$719,880 of the total advances and prepaid balance as at March 31, 2011 and were applied against CanAlaska Uranium Corp. invoices in the three month period ended June 30, 2011.

7. EXPLORATION AND EVALUATION ASSETS

	<u>Total</u>
Balance at January 1, 2010	\$2,335,802
Exploration costs	193,270
Acquisition of properties	236,040
Write-off of unsuccessful exploration expenditure	(129,734)
Balance at December 31, 2010	<u>\$ 2,635,378</u>
Exploration costs	641,813
Acquisition of properties	-
Write-off of unsuccessful exploration expenditure	-
Balance at June 30, 2011	<u>\$ 3,277,191</u>

The impairment assessment of exploration and evaluation assets resulted in no amounts being written off the Company's properties in the period ended June 30, 2011.

Westcan Uranium Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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8. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Office equipment	Vehicles and Field equipment	Total
Cost				
Balance at January 1, 2010	-	-	-	-
Additions	-	-	9,155	9,155
Balance at December 31, 2010	-	-	\$ 9,155	\$ 9,155
Additions	14,178	10,470	92,173	116,821
Balance at June 30, 2011	\$ 14,178	\$ 10,470	\$ 101,328	\$125,976
Amortization and impairment losses				
Balance at January 1, 2010	-	-	-	-
Amortization for the year	-	-	-	-
Balance at December 31, 2010	-	-	-	-
Amortization for the period	539	561	5,522	6,622
Balance at June 30, 2011	\$ 539	\$ 561	\$ 5,522	\$ 6,622
Carrying amounts				
At January 1, 2010	-	-	-	-
At December 31, 2010	-	-	\$ 9,155	\$ 9,155
At June 30, 2011	\$ 13,639	\$ 9,909	\$ 95,804	\$ 119,354

Westcan Uranium Corp.

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9. OTHER LIABILITIES

Other liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through shares issuances.

Flow-through Shares

	Total
Balance at January 1, 2010	\$ 10,550
Liability incurred on flow-through shares issued	90,587
Settlement of flow-through share liability on incurring expenditures	(10,550)
Balance at December 31, 2010	\$ 90,587
Liability incurred on flow-through shares issued	-
Settlement of flow-through share liability on incurring expenditures	-
Balance at June 30, 2011	\$ 90,587

On July 16, 2009, the Company completed a brokered private placement, consisting of the issue and sale of 1,055,000 flow-through units at a price of \$0.04 per flow-through unit for aggregate gross proceeds of \$42,200. Each flow-through unit consisted of one flow-through common share and one share purchase warrant entitling the holder to purchase one additional flow-through common share for each unit held. A flow through premium of \$90,587 has been recognized in respect of this flow-through placement, which is recorded as a liability and released to net income as the relevant expenditures are incurred.

On October 28, 2009, the Company completed a brokered private placement, consisting of the issue and sale of 5,900,000 flow-through units at a price of \$0.025 per unit. Each flow-through unit consisted of one flow-through common share and one share purchase warrant entitling the holder to purchase one additional flow-through common share for each unit held. No premium was received on this flow-through issue.

As at December 2010, the Company had fulfilled its commitment to incur exploration expenditures in relation to flow-through share financing in 2009.

On December 6, 2010, the Company completed a brokered private placement, which included the issue and sale of 9,058,666 flow-through units at a price of \$0.09 per flow-through unit gross proceeds of \$724,693. Each flow-through unit consisted of one flow-through common share and one share purchase warrant entitling the holder to purchase one additional flow-through common share for each unit held. A flow through premium of \$90,587 has been recognized in respect of this flow-through placement, which is recorded as a liability until the relevant expenditures are incurred.

As at June 30, 2011, the Company had not yet fulfilled its commitment to incur exploration expenditures in relation to flow-through share financing in 2010.

Flow-through Indemnification Liability

The Company may be required to indemnify flow-through investors for the amount of increased tax payable incurred by the flow-through investor as a consequence of the failure of the Company to incur qualifying exploration expenditures previously renounced to the flow-through investors. Previously renounced and unspent exploration amounts of \$237,294 relating to the flow-through shares offerings completed prior to January 1, 2009 may be subject to such indemnification. As at June 30, 2011 and December 31, 2010, the Company estimated that the potential liability is \$110,000 and accrued a provision for this, included in Part XII.6 tax and penalties. The outcome of the amount of actual claims, if any, is contingent on future assessments to the investors by Canada Revenue Agency and other events which cannot be determined at this time.

Westcan Uranium Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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10. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, issuable in series.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets

The following is a summary of changes in common share capital from January 1, 2010 to June 30, 2011:

	Number of Shares	Issue Price	Amount
Balance at January 1, 2010	80,063,454		\$11,575,957
Shares cancelled in roll-back of common stock	(77,457,108)		
Shares issued via private placement, net	6,685,000	\$ 0.075	464,862
Shares issued via private placement, net	14,992,500	0.08	1,077,590
Shares issued for property	6,000,000	0.08	120,000
Shares issued for property	1,054,808	0.10	105,481
Flow-through share issuance, net	9,058,666	0.09	741,905
Adjustment for flow-through premium			(90,587)
Less share issue costs			(292,910)
Balance at December 31, 2010	40,397,320		\$ 13,702,298
Shares issued via exercise of warrants	135,000	\$ 0.10	13,501
Balance at June 30, 2011	40,532,321		\$ 13,715,799

b) Preferred Shares

The Company is authorized to issue an unlimited number of preference shares, issuable in series. The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. No preferred shares have been issued since the Company's inception.

c) Contributed Surplus

The following is a summary of changes in contributed surplus from January 1, 2010 to June 30, 2011:

	June 30, 2011	December 31, 2010	January 1, 2010
Warrants	\$ 470,068	\$ 470,068	\$ 177,158
Share Options (Note 13)	1,830,549	941,346	737,472
Contributed Surplus	\$ 2,300,617	\$ 1,411,414	\$ 914,630

Westcan Uranium Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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d) Share Purchase Warrants

The following is a summary of changes in warrants, excluding agents' warrants, from January 1, 2010 to June 30, 2011:

	Number of Warrants	Amount
Balance at January 1, 2010*	1,808,000	\$ -
Issue of warrants	30,736,166	-
Exercised warrants	-	-
Balance December 31, 2010	32,544,166	\$ -
Issue of warrants	-	-
Exercised warrants	(135,000)	-
Balance as at June 30, 2011	32,409,166	\$ -

The following is a summary of changes in agents' warrants from January 1, 2010 to June 30, 2011:

	Number of Warrants	Amount
Balance at January 1, 2010*	153,750	\$ 177,158
Issue of warrants	2,262,533	292,910
Exercised warrants	-	-
Balance December 31, 2010	2,416,283	\$ 470,068
Issue of warrants	-	-
Exercised warrants	-	-
Balance as at June 30, 2011	2,416,283	\$470,068

*Opening balances have been restated to reflect 10 for 1 share consolidation during the year ended December 31, 2010

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As at June 30, 2011, the Company had outstanding share purchase and agents' warrants as follows:

Number of warrants	Exercise price	Expiry date
1,201,500	\$1.00	March 23, 2012
111,250	\$1.00	July 16, 2012
649,000	\$1.00	October 28, 2012
3,533,500	\$0.15	May 26, 2012
7,000	\$0.15	June 4, 2012
3,350,000	\$0.15	June 10, 2012
<u>25,973,199</u>	\$0.15/0.20	December 3, 2011/2012
<u><u>34,825,449</u></u>		

There have been no private placements offered in the six months ended June 30, 2011. There were 135,000 shares issued in the period as a result of the exercise of warrants.

On May 5, 2010, the Company consolidated its share capital on a one-new-for-ten-old basis. As a result of this consolidation, the Company's issued and outstanding share capital was reduced by 77,457,109 shares.

On May 27, 2010, the Company offered a private placement for securities and issued three separate tranches of common shares. The first tranche was 3,335,000 units at \$0.075 per unit. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share for each unit held, at a price of \$0.10 per share up to May 27, 2011 and at \$0.15 per share thereafter up to May 27, 2012.

Pursuant to the May 27, 2010 placement, the Company issued 333,500 agents warrants, each exercisable into One common share at a price of \$0.10 per share up to May 27, 2011 and at \$0.15 per share thereafter up to May 27, 2012. The agent's warrants were valued at \$35,278 using the Black-Scholes option pricing model based on a risk free interest rate of 1.44%, expected life of 2 years, expected volatility of 289%, and a dividend yield rate of Nil. The Company also paid \$25,012 in finders' fees in connection with the offering.

On June 4, 2010, pursuant to the second tranche, the Company issued 1,205,000 units at \$0.075 per unit. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share for each unit held, at a price of \$0.10 per share up to June 05, 2011 and at \$0.15 per share thereafter up to June 05, 2012.

Pursuant to the June 4, 2010 placement, the Company issued 7,000 agents warrants, each exercisable into one common share at a price of \$0.10 per share up to June 05, 2011 and at \$0.15 per share thereafter up to June 05, 2012.

The agents' warrants were valued at \$740 using the Black-Scholes option pricing model based on a risk free interest rate of 1.45%, expected life of 2 years, expected volatility of 289%, and a dividend yield rate of Nil.

The Company also paid \$7,000 in finders' fees in connection with the offering.

On June 11, 2010, pursuant to the third tranche, the Company issued 2,145,000 units at \$0.075 per unit. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share for each unit held, at a price of \$0.10 per share up to June 12, 2011 and at \$0.15 per share thereafter up to June 12, 2012.

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Pursuant to the June 11, 2010 placement, the Company paid \$2,857 cash in finders' fees.

On December 6, 2010, the Company issued 24,051,166 common shares pursuant to a private placement of 14,992,500 units at a price of \$0.08 and 9,058,666 flow-through units at \$0.09 per unit. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share for each unit held, at a price of \$0.15 per share up to December 6, 2011 and at \$0.20 thereafter up to December 6, 2012. Each flow-through unit consisted of one flow-through common share and one share purchase warrant entitling the holder to purchase one additional flow-through common share for each unit held, at a price of \$0.15 up to December 6, 2011 and at \$0.20 thereafter up to December 6, 2012.

Pursuant to the December 6, 2010 placement, the Company issued 1,922,033 agents warrants, each exercisable into one common share at a price of \$0.15 per share up to December 6, 2011 and at \$0.20 thereafter up to December 6, 2012. The agents warrants were valued at \$256,892 using the Black-Scholes option pricing model based on a risk free interest rate of 1.55%, expected life of 2 years, expected volatility of 284%, and a dividend yield rate of nil. The Company also paid \$170,628 in finders' and legal fees in connection with the offering.

d) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus', 'Accumulated Other Comprehensive Loss/Income' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise.

'Accumulated Other Comprehensive Loss/Income' includes an available-for-sale reserve. This reserve is used to recognize fair value changes on available-for-sale investments.

Pursuant to the June 11, 2010 placement, the Company paid \$2,587 cash in finders' fees.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings from period to period.

e) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings from period to period.

Westcan Uranium Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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11. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 20% of the outstanding common shares of the Company at the date the plan was adopted. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant, both in aggregate and in any one-year period. Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as a director or officer of the Company.

The Company has granted directors and employees common share purchase options. These options are granted with an exercise price equal to the market price of the Company's shares on the date of the grant.

The following is a summary of changes in options from January 1, 2010 to June 30, 2011:

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year			Closing Balance	Vested and Exercisable	Unvested
				Granted	Exercised	Forfeited			
05/16/10	05/16/15	\$ 0.10	437,500	1,720,000	-	(437,500)	1,720,000	1,720,000	-
Weighted Average Exercise Price			\$ 1.50	\$ 0.10	-	\$ 1.00-1.50	\$ 0.14	\$ 0.14	\$ -

b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the period ended March 31, 2011 was \$0.18 per option (year-ended December 31, 2010: \$0.10). There were no options granted during the three months ended June 30, 2011.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

The model inputs for options granted during the period ended March 31, 2011 included:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
01/18/11	01/18/11	\$ 0.18	\$ 0.11	1.74%	5 years	215%	-%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian Dollars
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c) Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognized during the period as part of employee benefit expense were \$889,204 (6 months ended June 30, 2010: \$203,874).

12. NATURE OF EXPENSES

	3 months ended June 30		6 months ended June 30	
	2011	2010	2011	2010
Other expenses include:				
Administration and management fees	\$ 55,000	\$ 22,500	\$ 86,200	\$ 45,000
Advertising and promotion	4,344	621	14,260	8,545
Consulting fees	33,298	15,906	59,842	26,482
Directors' fees	6,750	4,500	11,250	12,000
Filing and transfer fees	5,296	12,961	4,687	21,263
Investor relations	23,169	-	23,169	-
Office, rent, telephone and sundry	40,324	44,008	83,402	69,594
Professional fees	42,218	1,801	58,122	23,265
Shareholder communications	32,000	24,500	54,500	47,000
Travel and business promotion	52,379	27,168	96,508	43,718
	<u>\$ 294,778</u>	<u>\$ 153,965</u>	<u>\$ 491,940</u>	<u>\$ 296,867</u>

13. INCOME TAXES

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the interim period. In view of the losses incurred in the period, there is no income tax expense.

Deferred Tax Assets and Liabilities

As at June 30, 2011, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses is provided below. As at June 30, 2011, the Company had no capital losses to carry forward.

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Tax Losses

The non-capital tax losses will expire as follows:

Year of Expiry	Taxable Losses
2014	\$ 239,000
2015	164,000
2026	361,000
2027	497,000
2028	460,000
2029	586,000
2030	724,000
2031	194,000
Total	\$ 3,225,000

The potential benefits of these carry-forward non-capital losses and deductible temporary differences of approximately \$60,000 resulting from share issue costs, have not been recognized in these condensed interim financial statements other than to the extent that equivalent deferred tax liabilities on temporary differences relating to renounced flow-through expenditure exist (June 30, 2011 and December 31, 2010: \$440,000) as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

14. RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions during the period:

- Accounting fees of \$5,250 (three months-ended June 30, 2010: \$7,500), incurred in connection with the Company's general financial matters, were paid to a corporate officer of the Company.
- Consulting fees of \$7,500 (three months-ended June 30, 2010: \$nil), incurred in connection with the Company's general office matters were paid to a relative of a director.
- Amounts related to exploration and evaluation assets of \$5,250 (three months-ended June 30, 2010 - \$3,564) were paid to private companies with directors in common.
- Management fees of \$55,000, including a bonus of \$25,000 (three months-ended June 30, 2010 -\$22,500) were paid to a private company with a director in common. At June 30, 2011, \$19,027 (June 30, 2010: \$13,033) owing to this company was included in accounts payable along with \$30,500 (June 30, 2010: \$nil) owed to other companies with directors in common.
- Consulting fees of \$10,561 (three months-ended June 30, 2010 - \$8,250) incurred in connection with the maintenance of the Company's website were paid to a relative of a director and to a private company controlled by a relative of a director.
- Shareholder communication fees of \$24,250 (three months-ended June 30, 2010 - \$15,750) were paid to a relative of a director.
- Advertising fees of \$2,500 (three months-ended June 30, 2010 - \$nil) were paid to a company with directors in common.

Westcan Uranium Corp.

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h) Key Management Compensation

Key management personnel compensation comprised:

	3 months ended	
	June 30, 2011	June 30, 2010
Directors' fees	\$ 6,750	\$ 4,500
Accounting fees	5,250	7,500
Management fees	55,000	22,500
Share-based payments	-	132,518
	<u>\$ 67,000</u>	<u>\$ 167,018</u>

15. SEGMENTAL REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

16. LOSS PER SHARE

Weighted Average Number of Common Shares:

	<u>2011</u>
Issued common shares at January 1	40,397,321
Effect of shares issued in six month period ended June 30	<u>120,083</u>
Weighted average number of common shares (basic and diluted) at June 30	<u>40,517,404</u>

17. EVENTS AFTER THE REPORTING DATE

On July 6, 2011, the Company released drill results from its Grease River uranium property on the north rim of the Athabasca Basin of northern Saskatchewan. Drill holes on the Shearika Ridge intrusive-hosted uranium prospect intersected a wide zone of low grade uranium, with up to 143 ppm U3O8 over 102.40 metres and 112 ppm U3O8 over 120.25 metres. The program was executed by CanAlaska Uranium Ltd., ("CanAlaska") which is the operator of the project. Further details of the drill results can be found in the Company's press release dated July 6, 2011 on www.sedar.com.

18. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's financial statements for the year-ending December 31, 2011 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

OPTIONAL EXEMPTIONS

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

Share-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

MANDATORY EXCEPTIONS

Derecognition of Financial Assets and Liabilities

The Company has applied the derecognition requirements in IAS 39 Financial Instruments: Recognition and Measurement prospectively from the Transition Date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

RECONCILIATIONS OF PRE-CHANGEOVER CANADIAN GAAP EQUITY AND COMPREHENSIVE INCOME TO IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the statements of financial position and statements of comprehensive income as shown below have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been prepared.

Westcan Uranium Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT JANUARY 1, 2010 - TRANSITION DATE

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 303,309		\$ 303,309
HST/GST receivable		5,146		5,146
Prepaid expenses and deposits		5,635		5,635
Total current assets		\$ 314,090	\$ -	\$ 314,090
Non-current assets				
Exploration and evaluation assets		\$ 2,336,769	-	\$ 2,336,789
Total non-current assets		\$ 2,336,769	\$ -	\$ 2,336,789
Total assets		\$ 2,650,859	\$ -	\$ 2,650,859
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables		\$ 158,550	-	\$ 158,550
Other liabilities		-	10,550	10,550
Total current liabilities		\$158,550	\$ 10,550	\$ 169,100
Total liabilities		\$ 158,550	\$ 10,550	\$ 169,100
Shareholders' equity				
Share capital		\$ 11,321,066	\$ 254,891	\$ 11,575,957
Contributed surplus		914,630	-	914,630
Accumulated deficit		(9,743,387)	(265,441)	(10,008,828)
Total shareholders' equity		\$ 2,492,309	\$(10,550)	\$ 2,481,759
Total liabilities and shareholders' equity		\$ 2,650,859	\$ (10,550)	\$ 2,650,859

Westcan Uranium Corp.

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RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2010

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 446,811	-	\$ 446,811
HST/GST receivable		13,291	-	13,291
Prepaid expenses and deposits		3,367	-	3,367
Total current assets		\$ 463,469	\$ -	\$ 463,469
Non-current assets				
Exploration and evaluation assets		\$ 2,641,540	-	\$ 2,641,540
Total non-current assets		\$ 2,641,540	\$ -	\$ 2,641,540
Total assets		\$ 3,105,009	\$ -	\$ 3,105,009
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables		\$ 144,771	-	\$ 144,771
Other liabilities			10,550	10,550
Total current liabilities		\$ 144,771	\$ 10,550	\$ 155,321
Total liabilities		\$ 144,771	\$ 10,550	\$ 155,321
Shareholders' equity				
Share capital		\$ 12,054,411	\$ 254,891	\$ 12,309,302
Contributed surplus		1,154,522	-	1,154,522
Accumulated deficit		(10,248,695)	(265,441)	(10,514,136)
Total shareholders' equity		\$ 2,960,238	\$ (10,550)	\$ 2,949,688
Total liabilities and shareholders' equity		\$ 3,105,009	\$ -	\$ 3,105,009

Westcan Uranium Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian Dollars

For the six months ended June 30, 2011

RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 1,752,016	-	\$ 1,752,016
HST/GST receivable		52,032	-	52,032
Prepaid expenses and deposits		4,042	-	4,042
Total current assets		\$ 1,808,090	\$ -	\$ 1,808,090
Non-current assets				
Exploration and evaluation assets		\$ 2,635,378	-	\$ 2,635,378
Property, plant and equipment		9,155	-	9,155
Total non-current assets		\$2,644,533	\$ -	\$ 2,644,533
Total assets		\$ 4,452,623	\$ -	\$ 4,452,623
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables		\$ 335,543	-	\$ 335,543
Other liabilities		-	90,587	90,587
Total current liabilities		\$ 335,543	\$ 90,587	\$ 426,130
Total liabilities		\$ 335,543	\$ 90,587	\$ 426,130
Shareholders' equity				
Share capital		\$ 13,490,994	211,304	\$ 13,702,298
Subscriptions receivable		(10,000)	-	(10,000)
Contributed surplus				
Accumulated deficit		1,411,414	-	1,411,414
		(10,775,328)	(301,891)	(11,077,219)
Total shareholders' equity		\$ 4,117,080	\$ (90,587)	\$ 4,026,493
Total liabilities and shareholders' equity		\$ 4,452,623	\$ -	\$ 4,452,623

Westcan Uranium Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian Dollars

For the six months ended June 30, 2011

RECONCILIATION OF THE STATEMENT OF COMPREHENSIVE LOSS/INCOME FOR THE THREE MONTHS ENDED JUNE 30, 2010

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
Interest and other income		\$ 303	-	\$ 303
Amortization		-	-	-
Employee costs		203,874	-	203,874
Finance expense		-	-	-
Other expenses		153,965	-	153,965
Total expenses		<u>\$ 357,839</u>	-	<u>\$ 357,839</u>
Loss before income tax		<u>\$ 357,536</u>	-	<u>\$ 357,536</u>
Income tax expense		-	-	-
Loss for the period attributable to owners of the parent		<u>\$ 357,536</u>	-	<u>\$ 357,536</u>
Total comprehensive income for the year attributable to owners of the parent		<u>\$ 357,536</u>	-	<u>\$ 357,536</u>
Loss per common share, basic and diluted		<u>\$ 0.02</u>	-	<u>\$ 0.02</u>

Westcan Uranium Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian Dollars

For the six months ended June 30, 2011

RECONCILIATION OF THE STATEMENT OF COMPREHENSIVE LOSS/INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2010

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
Interest and other income		\$ 433	-	\$ 433
Amortization		-	-	-
Employee costs		203,874	-	203,874
Finance expense		-	-	-
Other expenses		296,867	-	296,867
Total expenses		\$ 500,741	-	\$ 500,741
Loss before income tax		\$ 500,308	-	\$ 500,308
Income tax expense		-	-	-
Loss for the period attributable to owners of the parent		\$ 500,308	-	\$ 500,308
Total comprehensive income for the year attributable to owners of the parent		\$ 500,308	-	\$ 500,308
Loss per common share, basic and diluted		\$ 0.03	-	\$ 0.03

Westcan Uranium Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian Dollars

For the six months ended June 30, 2011

EXPLANATIONS FOR THE ADJUSTMENTS ARE AS FOLLOWS:

i) Flow-through Shares

Under pre-changeover Canadian GAAP, the entire proceeds from the issuance of flow-through shares were recognized in equity less the tax effects of renunciation. Under IFRS, on issuance of flow-through shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the end of the reporting period, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

As a result, for issuances of flow-through shares for which expenditures have been incurred, share capital was increased by \$254,891 at the date of transition (December 31, 2010 - \$211,304) and retained earnings were decreased by \$265,441 (December 31, 2010 - \$301,891). The impact on net income for the three months-ended June 30, 2010 was \$nil (year-ended December 31, 2010 - \$36,450).

Where flow-through shares were issued but expenditures not incurred by the end of the reporting period, a liability is shown in 'other liabilities'. This resulted in a liability of \$10,550 at the date of transition (December 31, 2010 - \$90,587).

Westcan Uranium Corp.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian Dollars

For the six months ended June 30, 2011

SCHEDULE OF EXPLORATION AND EVALUATION ASSETS For the year ended December 31, 2010

	MANITOBA	BC	SASKATCHEWAN			GREASE RIVER	TOTAL
	COAL PROPERTY	GKH & HAYLEY	COAL	KEY LAKE	CREE WEST		
Balance, January 1, 2010	<u>\$ 13,956</u>	<u>\$ -</u>	<u>\$ 195,049</u>	<u>\$ 1,064,400</u>	<u>\$ 1,062,397</u>	<u>\$ -</u>	<u>\$ 2,335,802</u>
Acquisition costs							
Cash	(6,746)	2,524	-	-	14,781	-	10,559
Shares (Note 3)	-	<u>120,000</u>	-	<u>12,500</u>	<u>12,500</u>	<u>80,481</u>	<u>225,481</u>
	<u>(6,746)</u>	<u>122,524</u>	-	<u>12,500</u>	<u>27,281</u>	<u>80,481</u>	<u>236,040</u>
Deferred exploration costs							
Exploration	-	-	6,132	6,895	(7,531)	156,059	161,555
Camp and accommodation	-	-	9,398	-	418	18,154	27,970
Transportation	<u>-</u>	<u>-</u>	<u>3,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,745</u>
	-	-	19,275	6,895	(7,113)	174,213	193,270
Mineral properties written off	<u>(7,210)</u>	<u>(122,524)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,734)</u>
Balance, December 31, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,324</u>	<u>\$ 1,083,795</u>	<u>\$ 1,082,565</u>	<u>\$ 254,694</u>	<u>\$ 2,635,378</u>

SCHEDULE OF EXPLORATION AND EVALUATION ASSETS
For the six months ended June 30, 2011

	<u>SASKATCHEWAN</u>				TOTAL
	COAL PROPERTIES	KEY LAKE	CREE WEST	GREASE RIVER	
Balance, January 1, 2011	<u>\$ 214,324</u>	<u>\$ 1,083,795</u>	<u>\$ 1,082,565</u>	<u>\$ 254,694</u>	<u>\$ 2,635,378</u>
Acquisition costs					
Cash	-	-	-	-	-
Shares (Note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred exploration costs					
Exploration	2,326	-	493	497,484	500,303
Camp and accommodation	-	-	-	138,359	138,359
Transportation	<u>2,085</u>	<u>-</u>	<u>-</u>	<u>1,066</u>	<u>3,151</u>
	4,411	-	493	636,909	641,813
Mineral properties written off	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30, 2011	<u>\$ 218,735</u>	<u>\$ 1,083,795</u>	<u>\$ 1,083,058</u>	<u>\$ 891,603</u>	<u>\$ 3,277,191</u>