



WESDOME GOLD MINES LTD.

2020 Annual

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with Wesdome Gold Mines Ltd.'s ("**Wesdome**" or the "**Company**") audited consolidated financial statements for the years ended December 31, 2020 and 2019, and their related notes ("**financial statements**") which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

All dollar amounts stated in this MD&A are denominated in thousands of Canadian dollars, except per share data and unless otherwise indicated. The discussion and analysis within this MD&A are effective as of March 10, 2021.

This document contains forward-looking statements and forward-looking information. Refer to the cautionary language under the section entitled "**Cautionary Statement on Forward-looking Statements**" in this MD&A.

The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	Period	Abbreviation	Period
Q4 2020	<i>October 1, 2020 – December 31, 2020</i>	Q4 2019	<i>October 1, 2019 – December 31, 2019</i>
Q3 2020	<i>July 1, 2020 – September 30, 2020</i>	Q3 2019	<i>July 1, 2019 – September 30, 2019</i>
Q2 2020	<i>April 1, 2020 – June 30, 2020</i>	Q2 2019	<i>April 1, 2019 – June 30, 2019</i>
Q1 2020	<i>January 1, 2020 – March 31, 2020</i>	Q1 2019	<i>January 1, 2019 – March 31, 2019</i>
FY 2020	<i>January 1, 2020 – December 31, 2020</i>	FY 2019	<i>January 1, 2019 – December 31, 2019</i>

NON-IFRS PERFORMANCE MEASURES

Wesdome uses non-IFRS performance measures throughout this MD&A as it believes that these generally accepted industry performance measures provide a useful indication of the Company's operational performance. These non-IFRS performance measures do not have standardized meanings defined by IFRS and may not be comparable to information in other gold producers' reports and filings. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The non-IFRS performance measures include - average realized price of gold sold; cash costs per ounce of gold sold; production costs per tonne milled; mine profit; all-in sustaining costs ("**AISC**"); free cash flow and operating and free cash flow per share; and net income (adjusted) and adjusted net income per share and earnings before interest, taxes and depreciation and amortization ("**EBITDA**").

For further information and detailed reconciliations, refer to the section entitled "**Non-IFRS Performance Measures**" in this MD&A.

BUSINESS OVERVIEW

Wesdome is a public company existing under the laws of Ontario. The common shares of the Company are listed on the Toronto Stock Exchange ("**TSX**") under the symbol "**WDO**". The registered and principal office of the Company is located at 220 Bay Street, Suite 1200, Toronto, Ontario, M5J 2W4.

Wesdome has had over 30 years of continuous gold mining operations in Canada. The Company is 100% Canadian focused, with a pipeline of projects in various stages of development. The Eagle River Complex located close to Wawa, Ontario is currently producing gold from two mines, the Eagle River Underground Mine ("**Eagle River**") and the Mishi Open Pit ("**Mishi**"), from a central mill, with a milling capacity of approximately 1,000 tonnes per day ("**tpd**"). Wesdome is actively exploring its brownfields asset, the Kiena Mine ("**Kiena**") in Val d'Or, Québec. Kiena is a fully permitted former producing mine with a 930-metre ("**m**") shaft and 2,000-tpd mill. The Company is in the process of divesting of its Moss Lake gold deposit, located 100 kilometres ("**kms**") west of Thunder Bay, Ontario.



Additional financial information relating to Wesdome, including the Company's Annual Information Form, can be found on the Company's website: www.wesdome.com or on the SEDAR website: www.sedar.com

FY 2020 HIGHLIGHTS AND ACHIEVEMENTS

Operations and Financial Highlights	Comparison to FY 2019
Gold production of 90,278 ounces from the Eagle River Complex.	Gold production decreased by less than 2% from 2019 due to expected lower grades from Eagle River and the impact of COVID-19; partially offset by a 40% increase in ore feed from the Eagle River Complex. Q4 2020 production was negatively impacted by mechanical downtime associated with the cone crusher in the mill, and geotechnical challenges affecting the grade performance in one of the key stopes mined.
Cash costs ¹ of \$1,053 (US\$785) per ounce of gold sold ^{1,2}.	Cash cost in Canadian dollars increased by 28% from 2019 of \$825 (US\$621) per ounce due to lower grades mined from Eagle River, increased ore feed and the impact of COVID-19.
AISC ¹ of \$1,396 (US\$1,040) per ounce of gold sold ^{1,2}.	AISC ¹ in Canadian dollars increased by 8% from 2019 of \$1,293 (US\$975) per ounce due to lower grades mined from Eagle River, increased ore feed and the impact of COVID-19; partially offset by lower sustaining capital.
Earned mine profit ¹ of \$119.3 million.	Mine profit ¹ increased by 31% or \$28.4 million from 2019 due to higher realized gold prices.
Operating cash flow of \$102.3 million or \$0.74 per share ¹.	Increased by 44% or \$31.1 million from 2019 cash flow from operations of \$71.2 million or \$0.52 per share ¹ .
Free cash flow ¹ of \$29.0 million or \$0.21 per share ¹.	Increased by \$22.3 million from 2019 free cash flow ¹ of \$6.7 million or \$0.05 per share. Invested \$68.4 million (net of incidental gold sales credit of \$3.6 million from the Kiena bulk sample) in capital expenditures at Eagle River and Kiena as compared to \$58.8 million in 2019.
Net income and adjusted net income ¹ attributable to shareholders of \$50.7 million or \$0.36 per share.	Net income and Adjusted net income ¹ increased by 24% and 31%, respectively from 2019 net income of \$40.9 million or \$0.30 per share and adjusted net income ¹ of \$38.6 million or \$0.28 per share.

¹ Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the Financial Statements.

² Cash cost and AISC per ounce of gold sold exclude \$2.8 million of incremental Covid-19 costs incurred for workplace modifications to accommodate social distancing, education of new protocols, the acquisition of additional personal protective equipment, and higher transportation costs. The additional costs due to inefficiencies in operations from revised protocols during the pandemic have not been quantified.

Production and Exploration Highlights	Achievements
Eagle River	<ul style="list-style-type: none"> • Ongoing extension and definition drilling of the 300 East Zone has continued to return high grade gold intersections. The 300 East Zone, previously defined from the 750 m-level to 1,000 m-level, has now been extended to the 1,400 m-level. The down plunge extension is a relatively more tabular zone that now measures in excess of 100 metres along strike with above average widths and grades, and remains open down plunge. • In addition, limited drilling has intersected a new zone of mineralization approximately 40 m north and in the hanging wall of the high grade 300 East zone. Hole 925-E-172 returned 43.1 g/t Au (29.0 g/t Au capped) over 1.5 m true width. This zone remains open down plunge and along strike and highlights the potential of finding additional sub-parallel zones in this area and will remain a priority throughout 2021. • The Company is continuing to develop and explore the 311 West Zone along the western margin of the mine diorite. The zone has transitioned from the diorite into the adjacent mafic volcanics, again highlighting the potential of the volcanic rocks to host gold mineralization, similar to that observed at the neighbouring Falcon 7 zone. The 311 West Zone remains open up plunge and along strike to the west within the mafic volcanics, and will be a focus of 2021 drilling. • Total metres drilled in 2021 are budgeted to range between 164,000 and 174,000 m for five underground and three surface drill rigs, including underground exploration of 60,000 – 70,000 m, underground definition drilling of 50,000 m, and surface exploration drilling 54,000 m. • The Company was able to replace the depletion of 2020 mined reserves and add 5% more mineral reserves. Current mineral reserves at Eagle River Complex as of December 31, 2020 are 591,000 ounces of gold from 1.5 Mt at an overall grade of 12.6 g/t Au; as compared to the mineral reserves as of December 31, 2019 of 1.3 Mt at a grade of 13.4 g/t Au containing 560,000 ounces of gold.
Kiena	<ul style="list-style-type: none"> • Over the past year, underground drilling was focused on definition drilling of the A Zone, which increased the Kiena Deep A Zones Indicated Resources by 77% from 405,100 ounces to 717,400 ounces of gold since 2019, at a similar cut-off grade of 3.0 g/t Au, (see press release dated December 15, 2020). Drilling has since refocused on expansion drilling, not only at the A Zone and VC Zone, but at other prospective targets within the mine area. As part of this exploration focus, initial drilling has already successfully expanded the size of known mineralized zones, with follow-up drilling expected to contribute to future resource updates. • Drilling of the VC1 zone has continued to return a number of high grade intersections and has now confirmed the previous interpretation that the VC1 zone is a separate structure having a different orientation than the A Zone. The mineralization of the VC1 zone has transitioned from a more sulphide-rich variety found in the

	<p>upper extents of the mine, to a quartz-rich environment with visible gold present at depth. The VC1 zone extends 475 m down plunge from 67 Level to 107 Level, where development and drilling are presently being completed. The VC1 zone remains open at depth and will be a focus for ongoing drilling.</p> <ul style="list-style-type: none"> • Initial sill development was completed on the Kiena Deep A Zone on 111 Level. The development has confirmed the continuity of the A Zone high grade gold mineralization along strike. Visible gold is associated with folded quartz veins which are located within an overall zone of strong amphibole alteration. The mill was restarted to process the A zone bulk sample in December, of which a total of 1,500 ounces of gold have been sold. More gold from the mill circuit clean-up has been recovered and will be refined later in Q1, followed by the final reconciliation of the bulk sample, once all the information is available. The Kiena infrastructure has been well-maintained, and will enable a quick restart once a production decision is made. • The Pre-Feasibility Study (“PFS”) is progressing well, and it is expected to be completed in Q2, with a scheduled re-start decision shortly thereafter. The pre-production timeframe is forecast to be less than six months, potentially driving the Kiena Mine into commercial production in Q4 of this year. • The 2021 exploration program at Kiena consists of 65,000 m of underground drilling and 42,000 m of surface drilling
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COVID-19 IMPACT AND RESPONSES

The Eagle River complex had suspended some operations, such as exploration, mine and tailings construction activities, in order to facilitate enhanced physical distancing to limit the potential spread of the COVID-19 virus, but they have now resumed. Operations at the Eagle River Complex have continued in the fourth quarter with measures in place to facilitate enhanced physical distancing to limit the potential spread of the COVID-19 virus. We are now operating a total of five diamond drills, four underground and one on surface. After resuming during the third quarter, Mishi open pit operations continued as planned. Production levels in 2020 have been impacted by the COVID-19 health and safety protocols established in mid-March 2020. There were no reported cases at Wesdome of COVID-19 since the beginning of the outbreak. Despite the loss of efficiencies in operations, the Company maintained and achieved its production guidance of 90,000 – 100,000 ounces. We are continuing to closely monitor the situation and will provide updates as they become available.

Wesdome has adopted measures since March 12th, 2020 of monitoring body temperatures and requesting a health survey of all personnel wishing to enter the Eagle River Complex or the Kiena Mine. Furthermore, rigorous deep cleaning and disinfecting has been employed at all sites including the corporate office. A social distancing protocol is in place and schedules have been staggered to reduce the number of people in the Company's common areas. The health and safety of our employees, contractors, vendors, and consultants is the Company's top priority. To aid in the Company's actions, a COVID-19 Taskforce has been created to monitor developments and set about action plans which will reduce the risk to all people directly involved with Wesdome.

In accordance with the Government of Quebec's order to close non-essential services, the Company temporarily suspended exploration and development activities at its Kiena Complex in Val d'Or, Quebec on March 24, 2020. The Company resumed drilling and development work at Kiena during the week of May 11, 2020.

Due to the uncertainty regarding the potential re-emergence of the COVID-19 virus as a result of loosening the restrictions during the re-opening of the economy, the future production and our guidance will be subject to higher levels of risk than usual. The Company has been successful, due to its care and planning in keeping the Eagle River Complex operating, but any cases of COVID-19 at the site could change this, despite our best efforts. Wesdome has no reported cases to date.



GOLD MARKET OVERVIEW AND FOREIGN CURRENCY EXCHANGE RATE OVERVIEW

The market price of gold is the primary driver of the Company's profitability. The market price of gold is affected by numerous industry and macroeconomic factors.

In 2020, Wesdome realized an average gold price of \$2,360 (US\$1,759) per ounce as compared to \$1,853 (US\$1,396) per ounce realized in 2019. The market price for gold in 2020 averaged US\$1,770 per ounce (Canadian dollar equivalent of \$2,370 per ounce (2019 - US\$1,392 or \$1,847 per ounce in Canadian dollars)).

The Company's reporting and functional currency is the Canadian dollar ("CAD") as all its assets and operations are based in Canada. However, the Company's revenues, profitability and cash flows are exposed to the changes in the United States dollar ("USD") to Canadian dollar exchange rates as the Company's primary product, gold, is predominately traded in the US dollar. Wesdome had no forward exchange rate contracts in place during 2020 and as at December 31, 2020. This position will be reviewed from time to time as market conditions warrant. Please see note 24 of the Company's financial statements for an analysis of Wesdome's exposure to the Canadian and US dollar exchange rate.

The future gold price and foreign currency exchange rate volatility is expected to be impacted by the uncertainty surrounding the US dollar's direction in 2021 deriving from U.S. interest rates fluctuations, the level of inflation, the level of new cases of the COVID-19 virus or variant thereof around the globe, together with the geopolitical uncertainty persisted with the continuing tension over trade wars, and the liquidity provided to the markets by the central banks.

Because of the global economic crisis resulting from the COVID-19 virus, the governments have introduced extensive financial packages to support individuals and businesses. Central banks have decreased their lending rates to almost zero and have announced extensive and direct lending to private corporations and financial companies. Various businesses may fail and there could be significant loan defaults. The impact to consumer and business confidence levels is not known at this time. The impacts of these circumstances are not known and their impact on the gold and foreign exchange markets is also not known and could be significant, both positive and negative.

OUTLOOK

In Q3 2020, the Company revised its cash cost guidance from \$800 - \$875 (US\$615 – US\$670) to \$950 - \$975 (US\$700 – US\$720). The following table shows the tracking of Wesdome's performances to these revised guidelines:

	2020 Guidance	2020 Achievement	2021 Guidance
Gold production			
Eagle River	87,000 – 96,000 ounces	87,560 ounces	90,000 – 102,000
Mishi	3,000 – 4,000 ounces	2,718 ounces	2,000 – 3,000 ounces
	90,000 – 100,000 ounces	90,278 ounces	92,000 – 105,000
Head grade (g/t Au)			
Eagle River	15.0 – 16.7	14.2	13.0 -15.0
Mishi	2.0 – 2.4	2.7	2.0 – 2.5
Cash cost per ounce ^{1,2}	\$950 - \$975 (US\$700 – US\$720)	\$1,053 (US\$785)	\$900 - \$1,000 (US\$680 – US\$770)
AISC per ounce ^{1,2}	\$1,280 - \$1,350 (US\$985 – US\$1,040)	\$1,396 (US\$1,040)	\$1,300 - \$1,450 (US\$980 – US\$1,090)

¹ Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS

measurements to the Financial Statements.

- 2 *Cash cost and AISC per ounce of gold sold for 2020 achievement exclude \$2.8 million of incremental Covid-19 costs incurred for workplace modifications to accommodate social distancing, education of new protocols, the acquisition of additional personal protective equipment, and higher transportation costs. The additional costs due to inefficiencies in operations from revised protocols during the pandemic have not been quantified.*

QUARTERLY FINANCIAL AND OPERATIONAL RESULTS

In 000s, except per units and per share amounts	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Financial results								
Revenues ^{3, 4}	48,362	55,000	54,772	57,332	43,223	45,940	42,276	32,535
Mine operating profit ¹	25,211	32,116	34,304	27,619	25,816	26,770	22,055	16,259
Net income	8,491	14,614	16,097	11,513	12,077	12,449	8,327	8,092
Net income adjusted ¹	8,491	14,614	16,097	11,513	12,077	12,449	8,327	5,723
Earnings before interest, taxes, depreciation and amortization ¹	18,017	28,564	30,347	25,414	23,276	24,960	19,410	13,076
Operating cash flow	12,893	25,560	30,348	33,491	15,907	27,275	15,400	12,581
Free cash flow ¹	(8,813)	3,295	17,793	16,734	(3,211)	9,199	1,155	(429)
Per share information:								
Net income	0.06	0.10	0.12	0.08	0.09	0.09	0.06	0.06
Adjusted net income ¹	0.06	0.10	0.12	0.08	0.09	0.09	0.06	0.04
Operating cash flow ¹	0.09	0.18	0.22	0.24	0.12	0.20	0.11	0.09
Free cash flow ¹	(0.06)	0.02	0.13	0.12	(0.02)	0.07	0.01	0.00
Selected Financial Statement data:								
Cash and cash equivalents	63,480	73,513	66,733	49,398	35,657	38,611	27,395	27,847
Working capital	54,400	59,237	54,957	37,971	32,609	27,318	20,546	16,756
Total assets	358,583	352,399	326,884	301,833	285,718	265,065	238,599	225,740
Total non-current liabilities	65,228	66,990	61,899	54,549	51,161	41,897	31,680	28,961
Operational results								
Milling (tonnes)								
Eagle River	53,551	44,667	42,349	55,874	23,257	39,453	28,754	30,941
Mishi	3,555	11,533	13,721	11,047	9,108	204	18,623	18,470
Throughput ²	57,106	56,200	56,070	66,922	32,365	39,657	47,377	49,411
Total tonnes/calendar day	621	611	616	735	352	431	521	549
Head grades (g/t Au)								
Eagle River	11.7	13.8	18.1	14.0	28.6	23.4	23.4	18.5
Mishi	3.5	2.5	2.9	2.5	1.9	2.8	3.0	2.2
Recovery (%)								
Eagle River	98.0	97.7	97.9	97.3	97.6	97.6	96.4	97.6
Mishi	84.5	74.7	79.8	74.8	77.1	85.5	85.2	80.6
Production (ounces) ²								
Eagle River	19,667	19,319	24,117	24,457	20,894	28,894	20,873	17,955
Mishi	339	689	1,026	665	438	15	1,564	1,055
Total gold produced	20,006	20,008	25,142	25,122	21,332	28,910	22,437	19,010
Gold sales (ounces)	19,889	21,700	23,140	26,500	22,100	23,450	24,113	18,760

In 000s, except per units and per share amounts	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Per ounce of gold sold ¹								
Average realized price	2,430	2,532	2,365	2,162	1,954	1,957	1,752	1,733
Cash costs ⁵	1,162	1,052	882	1,120	786	815	837	866
Cash margin	1,268	1,480	1,483	1,042	1,168	1,142	915	867
AISC ^{1,5}	1,567	1,395	1,218	1,423	1,305	1,344	1,220	1,311
Production costs/tonne milled ^{1,5}	400	389	331	425	470	583	390	301
Average 1 USD → CAD exchange rates	1.3030	1.3321	1.3853	1.3449	1.3200	1.3204	1.3377	1.3295
Cost Metrics (in USD)								
Cash costs ^{1,5}	892	790	637	833	595	618	626	651
AISC ^{1,5}	1,203	1,047	879	1,058	988	1,018	912	986

¹ Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.

² Totals for tonnage and gold ounces information may not add due to rounding.

³ Revenues include insignificant amounts from the sale of by-product silver.

⁴ Wesdome's strategy is to increase the amount of underground tonnes mined, thereby displacing the open pit tonnes in order to substantially increase gold production.

⁵ Cash cost and AISC per ounce of gold sold and production costs/tonne for Q4 2020 exclude \$1.0 million (Q3 2020 - \$1.3 million, Q2 2020 - \$0.5 million) of incremental Covid-19 costs incurred for workplace modifications to accommodate social distancing, education of new protocols, the acquisition of additional personal protective equipment, and higher transportation costs. The additional costs due to inefficiencies in operations from revised protocols during the pandemic have not been quantified.

ANNUAL FINANCIAL AND OPERATIONAL RESULTS

In thousands of Canadian dollars, except
per share amounts and otherwise indicated

	FY 2020	FY 2019	FY 2018
Financial Results			
Revenues	215,466	163,974	116,042
Mine operating profit ¹	119,250	90,900	52,124
Net income	50,715	40,945	14,858
Net income adjusted ¹	50,715	38,576	14,858
Operating cash flow	102,292	71,163	46,300
Free cash flow ¹	29,009	6,714	2,824
Per share information:			
Net income	0.36	0.30	0.11
Adjusted net income ¹	0.36	0.28	0.11
Operating cash flow ¹	0.74	0.52	0.34
Free cash flow ¹	0.21	0.05	0.02
Selected Financial Statement data:			
Cash and cash equivalents	63,480	35,657	27,378
Working capital	54,400	32,609	11,312
Total assets	358,583	285,718	209,637
Total non-current liabilities	65,228	51,161	25,170
Operating Results and Cost Metrics			
Gold produced (ounces)	90,278	91,688	71,625
Gold sold (ounces)	91,229	88,423	70,480
Cash cost per ounce of gold sold ^{1,2}			
Canadian dollar	1,053	825	905
US dollar	785	621	699
All-in sustaining cost per ounce of gold sold ^{1,2}			
Canadian dollar	1,396	1,293	1,276
US dollar	1,040	975	985

1. Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.
2. Cash cost and AISC per ounce of gold sold for 2020 exclude \$2.8 million of incremental Covid-19 costs incurred for workplace modifications to accommodate social distancing, education of new protocols, the acquisition of additional personal protective equipment, and higher transportation costs. The additional costs due to inefficiencies in operations from revised protocols during the pandemic have not been quantified.

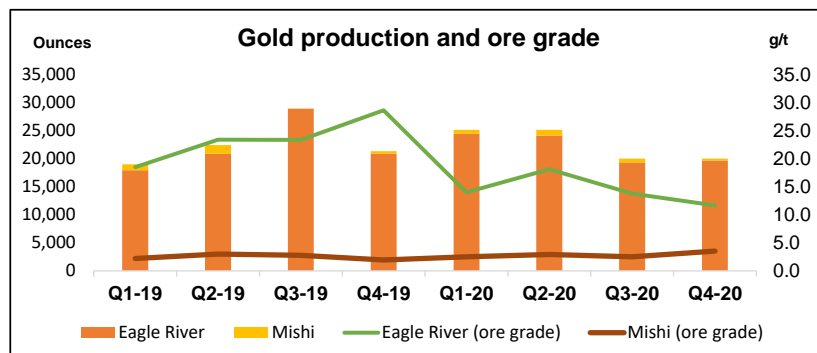


Annual Operational Results

	FY 2020	FY 2019	Change	
Ore milled (tonnes)				
Eagle River	196,441	122,405	74,036	60%
Mishi	39,856	46,405	(6,549)	(14)%
Throughput	236,297	168,809	67,487	40%
Head Grade (g/t Au)				
Eagle River	14.2	23.1	(8.9)	(39)%
Mishi	2.7	2.5	0.2	8%
Recoveries (percent)				
Eagle River	97.7	97.3	0.4	0%
Mishi	77.8	82.4	(4.6)	(6)%
Gold production (ounces)				
Eagle River	87,560	88,617	(1,057)	(1)%
Mishi	2,718	3,072	(354)	(12)%
	90,278	91,688	-1,411	(2)%
Gold Sold (ounces)	91,229	88,423	2,806	3%

¹ Totals for tonnage and gold ounces information may not add due to rounding.

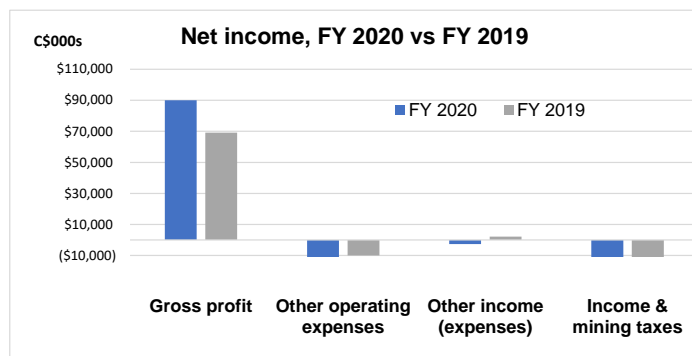
Production at Eagle River decreased by 1% from 2019 to 87,560 ounces of gold, due to a 39% decrease in head grade; offset by a 60% increase in total throughput when compared to 2019. Head grade at Eagle River in 2020 averaged 14.2 g/t which is slightly below reserves grade of 14.4 g/t.



The contribution of ore feed from Mishi in 2020 decreased by 14% to 39,856 t when compared to 46,405 t processed in 2019. Mishi operations were temporarily suspended during 2020 to limit the potential spread of the COVID-19 virus. In 2020, the Mishi pit achieved a head grade of 2.7 g/t producing 2,718 ounces of gold as

compared to a grade of 2.5 g/t achieved in 2019, producing 3,072 ounces of gold. Mishi pit was mined out as per plan in 2020 and only stockpiled ore will be processed in 2021. As a result of the above, combined throughput in 2020 increased by 40% from 2019 as Wesdome's strategy is to increase the amount of underground tonnes mined, thereby displacing the open pit tonnes in order to substantially increase gold production. The underground exploration and definition program at Eagle River are progressing as planned, with four underground drills fully manned, thereby providing encouragement to the addition of underground workplaces, which will ultimately result in increased production.

Annual 2020 Financial Review



Net income attributable to shareholders for 2020 was \$50.7 million or \$0.36 per share as compared to net income of \$40.9 million or \$0.30 per share for 2019. After recognizing one-time gains totaling \$3.1 million, Adjusted net income¹ for 2019 was \$38.6 million or \$0.28 per share.

For a reconciliation of adjusted net income to net income as presented in the financial statements in accordance with IFRS, see *Non-IFRS Financial Performance Measures* in this MD&A.

In \$000s				
	FY 2020	FY 2019	Change	
Revenues	215,466	163,974	51,492	31%
Costs and expenses				
Cost of sales	125,386	94,806	30,580	32%
Corporate and general	7,378	6,668	710	11%
Stock-based compensation	2,786	2,987	(201)	(7)%
Write-down of exploration properties	2,034	-	2,034	
Write-down of mining equipment	427	247	180	
	138,011	104,708	33,303	
Operating income	77,455	59,266	18,189	31%
Interest and other income (expenses) ²	(2,555)	2,167	(4,722)	
Income before taxes	74,900	61,433	13,467	
Mining and income tax expense	24,185	20,488	3,697	
Net income	50,715	40,945	9,770	24%
Operating cash flows	102,292	71,163	31,129	44%
Free cash flows ¹	29,009	6,714	22,295	

¹ Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.

² Interest and other income (expenses) for FY 2019 substantively includes the recognition in income of the receipt of \$2.9 million from Revenue Québec in respect of exploration tax credit.

Revenues

In \$000s	Q4 2020	Q4 2019	Change		FY 2020	FY 2019	Change	
Revenues from operations								
Gold	48,322	43,183	5,139	12%	215,294	163,819	51,475	31%
Silver	40	40	0		172	155	17	
	48,362	43,223	5,139	12%	215,466	163,974	51,492	31%

Wesdome generated \$215.3 million in gold sales revenue from the sale of 91,229 ounces of gold at an average realized price of \$2,360 (US\$1,759) per ounce; as compared to the sale of 88,423 ounces of gold at \$1,853 (US\$1,396) per ounce for revenue of \$163.8 million in 2019. The 31% increase in sales revenues is primarily due to a strong gold price.

Cost of Sales

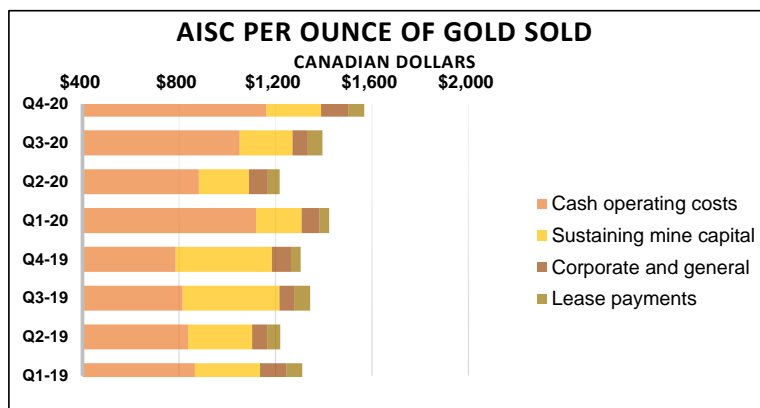
In \$000s	Q4 2020	Q4 2019	Change		FY 2020	FY 2019	Change	
Cost of Sales								
Mining and processing costs								
Mining	12,256	9,355	2,901		43,091	36,993	6,098	
Processing	5,209	4,887	322		18,457	18,325	132	
Site administration and camp costs	6,737	6,230	507		24,340	22,990	1,350	
Covid-19	987	-	987		2,824	-	2,824	
Change in inventories ¹	(1,976)	(3,862)	1,886		6,315	(8,414)	14,729	
	23,213	16,610	6,603		95,027	69,894	25,133	
Royalties	925	797	128		4,013	3,180	833	
Depletion and depreciation	6,345	5,397	948		26,346	21,732	4,614	
	30,483	22,804	7,679	34%	125,386	94,806	30,580	32%

¹ See Note 19 of the Company's financial statements for a breakdown of stockpile and in-circuit inventory adjustments for the years ended December 31, 2020 and 2019.

Cost of sales of \$125.4 million in 2020 increased by 32% or \$30.6 million mainly due to: (i) a \$14.7 million decrease in ore stockpile and bullion inventory, resulting from inventory level changes; (ii) an increase of \$10.4 million in operating costs because of higher costs incurred for development, equipment fleet and surface infrastructure improvements, Covid-19 safety protocols; and (iii) an increase of \$4.6 million in non-cash depletion and depreciation as a result of the increase in the asset base.

Cash cost and AISC per ounce of gold sold in 2020 were \$1,053 (US\$785) and \$1,396 (US\$1,040) per ounce; as compared to cash cost and AISC per ounce of gold sold in 2019 of \$825 (US\$621) and \$1,293 (US\$975), respectively.

(Refer to the section entitled "non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements).



Corporate and General

Corporate and general expenditures in 2020 increased by 11% primarily due to increased corporate activities and the increase in technical staff at the corporate level. The corporate and general expenditure level is expected to be between \$2.2 and \$2.4 million on a quarterly basis in 2021.

Stock-based payments

During 2020, the Company granted 366,452 stock options, 89,399 Restricted Share Units (“**RSUs**”) and 89,399 Performance Share Units (“**PSUs**”) to its employees and officers under its 2017 Omnibus Equity Plan. All of the stock options have a three-year vesting term, with the first tranche vesting on March 13, 2021. The RSUs also have a three-year vesting term with the first tranche vesting on March 26, 2021. The PSUs have cliff vesting terms contingent on continued employment at the end of the three-year performance period.

On June 2, 2020, the shareholders of the Company approved the 2020 Omnibus Plan (“**Plan**”) pursuant to which it is able to issue share-based long-term incentives. The 2020 Omnibus Plan replaced the Company’s existing Stock Option Plans which remain in effect, but no further options will be issued thereunder. The Company issued 19,802 stock options under its 2020 Omnibus Plan. The options have a three-year vesting term with the first tranche vesting on August 14, 2021.

On June 2, 2020, the Company granted 65,799 Deferred Share Units (“**DSUs**”) to its non-executive directors (“**Participants**”) under the Plan valued at approximately \$0.8 million. Under the Plan, as approved by the Company’s shareholders on June 2, 2020, 75% of the directors’ annual retainers are to be paid in share-based awards. Each DSU has the same value as one Wesdome common share. The DSUs may not be redeemed until the Participant has ceased to hold all offices, employment and directorships with Wesdome and all its affiliates.

For the three months and year ended December 31, 2020, the compensation expense recognized under the plans was \$0.5 million and \$2.8 million, respectively.

COVID-19 Costs

The Company has taken a number of measures to safeguard the health of its employees and their local communities while continuing to operate safely and responsibly. The Eagle River complex has reduced operations, which will be in effect until the resumption of normal activities is deemed safe and appropriate. Some work that was suspended, in order to facilitate enhanced physical distancing to limit the potential spread of the COVID-19 virus, has gradually restarted. In Quebec, the Company acted in compliance with government-ordered restrictions, resulting in operations at Kiena being temporarily suspended from March 24, 2020 to May 11, 2020, and the gradual resumption towards full exploration activities occurred over the second quarter. The Company complied with the recommendations of governments and public health officials, with full attention to the health and safety of returning employees, contractors, and suppliers.

The above measures impacted overall operations for the year; however, strong gold prices minimized the impact on the Company’s financial results. For the year ended December 31, 2020, \$2.8 million of other incremental COVID-19 costs were incurred, which includes workplace modifications to accommodate social distancing, education of new protocols, the acquisition of additional personal protective equipment, and higher transportation costs. The additional costs due to inefficiencies in operations from revised protocols during the pandemic have not been quantified.

Québec exploration credits refund

In 2011, the Company paid \$5.3 million in tax reassessments and interest made by Revenu Québec for exploration credits claimed in 2005 and 2006 relating to the Kiena exploration properties. The Company was successful in appealing the assessments for both years.

In April 2016, Revenu Québec appealed the decisions of the Court of Quebec (the “April 2016 Appeal”), however it refunded \$2.6 million of the reassessed amounts in July 2016. On March 28, 2018, the Company was successful in defending the April 2016 Appeal. On May 28, 2018, Revenue Québec submitted an application for leave to appeal to the Supreme Court of Canada, the decision made by the Québec Court of Appeal (the “Supreme Court Appeal”). On June 18, 2018, the Company received the refund of the remaining tax assessment payment plus interest accrued amounting to \$2.9 million.

The Kiena mining assets were written off after being placed on care and maintenance in 2013 and accordingly, the Company recorded as income in 2016 the \$2.6 million refund it received during that year. The Company



recorded the amount of \$2.9 million that was received in 2018 in payable and accruals.

On February 28, 2019, the Supreme Court dismissed the Supreme Court Appeal and accordingly, the Company recorded this amount as income in the year ended December 31, 2019.

Tax Expense

In \$000s								
	Q4 2020	Q4 2019	Change		FY 2020	FY 2019	Change	
Mining and income tax expense								
Current	4,425	1,440	2,985		10,660	4,918	5,742	
Deferred	(1,538)	4,047	(5,585)		13,525	15,570	(2,045)	
	2,887	5,487	(2,600)	(47)%	24,185	20,488	3,697	18%

The effective tax rate for 2020 was 32.3% as compared to 33.4% for 2019. Wesdome is currently exposed to mining tax liability for any resource profits earned in Ontario. As at December 31, 2020, the Company recorded a current mining and income tax liability of \$3.5 million.

FOURTH QUARTER REVIEW

Q4 2020 Operating Results

	Q4 2020	Q4 2019	Change	
Ore milled (tonnes)				
Eagle River	53,551	23,257	30,294	130%
Mishi	3,555	9,108	(5,553)	(61)%
Throughput	57,106	32,365	24,741	76%
Head Grade (g/t Au)				
Eagle River	11.7	28.6	(16.9)	(59)%
Mishi	3.5	1.9	1.6	84%
Recoveries (percent)				
Eagle River	98.0	97.6	0.4	0%
Mishi	84.5	77.1	7.4	10%
Gold production (ounces)				
Eagle River	19,667	20,894	(1,227)	(6)%
Mishi	339	438	(99)	(23)%
	20,006	21,332	(1,326)	(6)%
Gold Sold (ounces)	19,889	22,100	(2,211)	(10)%

¹ Totals for tonnage and gold ounces information may not add due to rounding.

Production Review

Q4 2020 as compared to Q4 2019

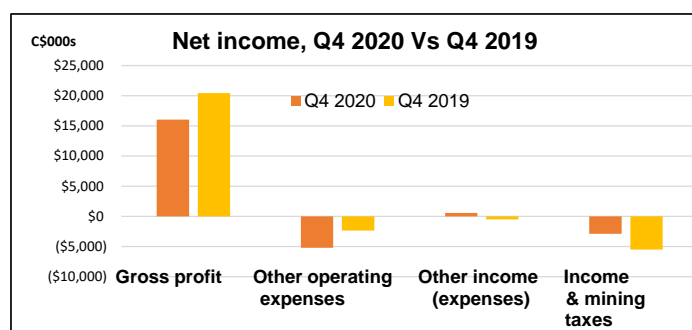
Wesdome's strategy is to increase the amount of underground tonnes mined, thereby displacing the open pit



tonnes in order to substantially increase gold production. Gold production at Eagle River Mine decreased by 6% from Q4 2019 to 19,667 ounces of gold, due to a 59% decrease in head grade; offset partially by a 130% increase in total throughput. Head grade at Eagle River in Q4 2020 averaged 11.7 g/t compared to 2020 lower grade guidance of 15.0 g/t. The mine experienced geotechnical challenges affecting the grade performance in one of the key stopes mined in Q4.

The contribution of ore feed from Mishi in Q4 2020 decreased to 3,555 t compared to 9,108 t processed in Q4 2019. Mishi pit achieved a head grade of 3.5 g/t producing 339 ounces of gold in Q4 2020 as compared to a grade of 1.9 g/t producing 438 ounces of gold in Q4 2019. Higher grade ore from Eagle was prioritized at the mill during the quarter. Mishi pit was mined out at the end of the year as planned. Only stockpiled ore will be processed in 2021.

Financial Review, Q4 2020 as compared to Q4 2019



Net income and adjusted net income for the three months ended December 31, 2020 was \$8.5 million or \$0.06 per share as compared to \$12.1 million or \$0.09 per share for Q4 2019.

For a reconciliation of adjusted net income to net income as presented in the financial statements in accordance with IFRS, see *Non-IFRS Financial Performance Measures* in this MD&A.

In \$000s	Q4 2020	Q4 2019	Change		FY 2020	FY 2019	Change	
Revenues	48,362	43,223	5,139	12%	215,466	163,974	51,492	31%
Costs and expenses								
Cost of sales	30,483	22,804	7,679	34%	125,386	94,806	30,580	32%
Corporate and general	2,231	1,745	486	28%	7,378	6,668	710	11%
Stock-based compensation	524	346	178	51%	2,786	2,987	(201)	(7)%
Write-down of exploration properties	2,034	-	2,034		2,034	-	2,034	
Write-down of mining equipment	427	247	180		427	247	180	
	35,699	25,142	10,557		138,011	104,708	33,303	
Operating income	12,663	18,081	(5,418)	(30)%	77,455	59,266	18,189	31%
Interest and other income (expenses) ²	(1,285)	(517)	(768)		(2,555)	2,167	(4,722)	
Income before taxes	11,378	17,564	(6,186)		74,900	61,433	13,467	
Mining and income tax expense	2,887	5,487	(2,600)		24,185	20,488	3,697	
Net income	8,491	12,077	(3,586)	(30)%	50,715	40,945	9,770	24%
Operating cash flows	12,893	15,907	(3,014)	(19)%	102,292	71,163	31,129	44%
Free cash flows ¹	(8,813)	(3,211)	(5,602)		29,009	6,714	22,295	

¹ Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.

² Other income (expenses) for YTD 2019 includes the recognition in income of the receipt of \$2.9 million from Revenue Quebec in respect of exploration tax credit.

Revenues

Wesdome generated \$48.4 million in revenue in Q4 2020 from the sale of 19,889 ounces of gold at an average realized price of \$2,430 (US\$1,865) per ounce; as compared to the sale of 22,100 ounces of gold at \$1,954 (US\$1,480) per ounce for revenue of \$43.2 million in Q4 2019.

Cost of Sales



Cost of sales increased by \$7.7 million from \$22.8 million in Q4 2019. The increase in cost of sales was mainly due to: (i) a \$2.9 million increase in mining costs primarily resulting from increased tonnes mined and milled; (ii) a \$1.9 million increase in ore stockpile and bullion inventory adjustment resulting from inventory level changes; (iii) an increase of \$0.9 million in non-cash depletion and depreciation as a result of the increase in the asset base; and (iv) \$1.0 million of incremental COVID-19 costs.

Corporate and General

Corporate and general expenditures increased by \$0.5 million from \$1.7 million in Q4 2019 primarily due to increased corporate activities and the increase in technical staff.

EAGLE RIVER COMPLEX

The Eagle River Complex, located 50 kilometres due west of Wawa, Ontario, consists of two operating gold mines which have been developed using common infrastructure and feeding the same mill. The Complex includes the Eagle River Underground Mine (producing since 1995), the Mishi Open Pit Mine (started production in 2002) and common mineral processing facilities located adjacent to the Mishi Open Pit and permitted at 1,200 tonnes per day. Commercial production at the Eagle River Mine to December 31, 2020, totals 4.4 million tonnes of ore averaging 9.8 g/t Au, totaling approximately 1.4 million oz Au.

The Eagle River Complex produced 90,278 ounces of gold in 2020 as compared to 91,688 ounces in 2019.

Eagle River Mill

In 2020, the mill processed 236,297 t or 646 tpd of Eagle River and Mishi ore as compared to 168,809 t or 462 tpd in 2019. Higher mill availability allowed for additional tonnes to be processed from Eagle River and Mishi.

The mill availability was 76% in Q4 2020 and 80% in 2020. Mill availability was lower than expected in December due to mechanical downtime associated with our cone crusher in the mill.

The mill recovery in 2020 for Eagle ore was 97.7% and 77.7% for Mishi ore as compared to 97.3% for the Eagle ore and 82.4% for the Mishi ore in 2019. Mishi mill recovery was lower mainly due to reduced operating time limiting recovery rate optimization.

Eagle River Underground Mine

Development and Drilling

The past discovery of at least two new significant parallel zones in the west portion of the mine (i.e. the 300 and 7 Zones) and more recently the Falcon zone located in volcanic rocks outside of the historically mined diorite host rock, have helped increase Mineral Reserves and Mineral Resources and have stimulated an increased pace of exploration drilling over the past several years.

Exploration drilling throughout 2020 has operated, and continue to operate, at a reduced capacity due to COVID-19 restrictions, four underground drills and one surface drill were operating in Q4. Due to these restrictions, drilling was focused more on extending known zones and less on exploration elsewhere in the mine diorite.

300 East Zone

Ongoing extension and definition drilling of the 300 East Zone has continued to return high grade gold intersections. The 300 East Zone, previously defined from the 750 m-level to 1,000 m-level, has now been extended to the 1,400 m-level. The down plunge extension is a relatively more tabular zone that now measures in excess of 100 m along strike and remains open down plunge.

Highlights of the recent drilling are found below.

- Hole 925-E-135: 41.0 g/t Au over 10.0 m core length (34.8 g/t Au cut, 4.2 m true width)
- Hole 925-E-166: 54.9 g/t Au over 10.1 m core length (35.8 g/t Au cut, 5.1 m true width)
- Hole 925-E-167: 47.3 g/t Au over 5.9 m core length (29.4 g/t Au cut, 3.0 m true width)

All assays cut to 140.0 g/t Au. True widths are estimated.



In addition, limited drilling has intersected a new zone of mineralization approximately 40 m north and in the hanging wall of the high grade 300 East zone. Hole 925-E-172 returned 43.1 g/t Au (29.0 g/t Au capped) over 1.5 m true width. This zone remains open down plunge and along strike and highlights the potential of finding additional sub-parallel zones in this area and will remain a priority throughout 2021.

311 West Zone

The Company is continuing to develop and explore 311 West Zone along the western margin of the mine diorite. Ongoing development on 750 level and associated sub-levels have defined high grade mineralization over 100 m in strike length. The recent development confirms the continuity of the geometry and the consistency of the high grade mineralization. The zone has transitioned from the diorite into the adjacent mafic volcanics, again highlighting the potential of the volcanic rocks to host gold mineralization, similar to that observed at the neighbouring Falcon 7 zone. The 311 West Zone remains open up plunge and along strike to the west within the mafic volcanics, and will be a focus of 2021 drilling.

Falcon/7 Zone

The Falcon 7 Zone was originally discovered from surface drilling located in volcanic rocks approximately 200 metres ("m") west of the mine diorite. It is interpreted that the Falcon 7 Zone now extends from surface down a steep easterly plunge approximately 1,000 m and is part of the up plunge extension of the 7 Zone currently being mined near the 1,000 m elevation.

Recent drilling was completed from the 772 m elevation that was established to test the down plunge extension of the Falcon Zone. Since that time, additional mine development has been completed on 622 m elevation to allow for drilling, and is now within 50 m in the footwall of the Falcon 7 Zone.

Highlights of the recent drilling are listed below.

- Hole 622-E-02: 51.3 g/t over 1.8 m core length (38.2 g/t Au cut, 1.5 m true width)
- Hole 622-E-11: 18.6 g/t Au over 12.5 m core length (18.4 g/t Au cut, 8.0 m true width)
- Hole 622-E-12: 56.8 g/t Au over 1.8 m core length (42.9 g/t Au cut, 1.5 m true width)

Assays capped at 125 g/t Au. True widths are estimated.

With nearby development already established on the 772 and 622 m elevations, these zones have the potential to be included in future mine production and ultimately augmenting production rates in the medium term. The mineral resources and reserves from the Falcon 7 Zone will be released as part of our end of year resource and reserve statement. Additional drilling in this area continues to be a priority for the remainder of 2020.

Surface Exploration

A surface fly drilling program is ongoing with one drill to test regional exploration targets.

Mineral Reserve and Resource Estimates at Eagle River and Mishi

Due to a multiyear exploration focus at and around the Eagle River Mine, the Company was able to materially replace the 2020 mining depletion and add 5% more mineral reserves. Current mineral reserves at Eagle River as of December 31, 2020 are 581,000 ounces of gold from 1.4 Mt at an overall grade of 13.4 g/t Au; as compared to the mineral reserves as of December 31, 2019 of 1.2 Mt at a grade of 14.4 g/t Au containing 550,000 ounces of gold.

At Mishi, the mineral reserves remained almost the same as the previous year due to additions of mineralization found on the mined levels of the open pit mine. Main Mishi open pit was mined out in 2020 and a stockpile is included into the proven mineral reserves. Current reserves total 102 kt grading 3.0 g/t Au for 9,700 ounces of gold. Exploration was not conducted during 2020 at Mishi. The Company focus is to maximize the throughput of the high-grade underground ore from Eagle River. Current strategy for the corporation is to have production from the Eagle River operations to be in the 100,000 ounces per annum range by focused exploration and development of the Eagle River Mine thereby generating higher margin tonnes.

The following tables summarize the mineral reserve and mineral resource estimates as at December 31, 2020.



MINERAL RESERVES – EAGLE RIVER <small>(see notes)</small>		December 31, 2020			December 31, 2019		
		Tonnes (000s)	Grade (g/t Au)	Contained ounces	Tonnes (000s)	Grade (g/t Au)	Contained ounces
Eagle River	Proven	370	12.6	150,000	331	15.5	165,000
	Probable	982	13.7	431,000	855	14.0	385,000
	Proven + Probable	1,352	13.4	581,000	1,186	14.4	550,000

*Reported @ 5.3 g/t Au cut-off

MINERAL RESERVES – MISHI <small>(see notes)</small>		December 31, 2020			December 31, 2019		
		Tonnes (000s)	Grade (g/t Au)	Contained ounces	Tonnes (000s)	Grade (g/t Au)	Contained ounces
MISHI	Proven	52	2.5	4,200	8	1.9	500
	Probable	50	3.4	5,500	108	2.9	10,000
	Proven + Probable	102	3.0	9,700	116	2.8	10,500

MINERAL RESOURCES (Exclusive of Mineral Reserves) (see notes)		December 31, 2020			December 31, 2019		
		Tonnes (000s)	Grade (g/t Au)	Contained ounces	Tonnes (000s)	Grade (g/t Au)	Contained ounces
EAGLE RIVER	Measured	23	12.1	9,000	25	10.1	8,000
	Indicated	320	9.0	93,000	355	9.0	103,000
	Measured + Indicated	343	9.2	102,000	380	9.0	111,000
	Inferred	510	12.5	205,000	403	12.3	159,000

MINERAL RESOURCES (Exclusive of Mineral Reserves) (see notes)		December 31, 2020			December 31, 2019		
		Tonnes (000s)	Grade (g/t Au)	Contained ounces	Tonnes (000s)	Grade (g/t Au)	Contained ounces
MISHI							
Open pit	Indicated	-	-	-	-	-	-
	Inferred	2,808	1.6	147,000	2,808	1.6	147,000
Underground	Indicated	-	-	-	-	-	-
	Inferred	373	5.4	65,000	373	5.4	65,000
MISHI TOTAL	Indicated	-	-	-	-	-	-
	Inferred	3,182	2.1	212,000	3,182	2.1	212,000

EAGLE RIVER PROVEN AND PROBABLE RESERVE BREAKDOWN BY ZONE ¹

The following table provides a breakdown of mineral reserves and mineral resources by structure to illustrate the growing significance of these recent developments.

Zone	December 31, 2020				December 31, 2019			
	Tonnes (000s)	Grade (g/t Au)	Contained Ounces	Percent	Tonnes (000s)	Grade (g/t Au)	Contained Ounces	Percent
No. 300	756	14.9	362,000	62	798	15.5	397,000	72
No. 7	394	12.6	160,000	28	267	12.9	110,500	20
No. 8	111	10.7	38,000	7	103	11.6	38,500	7
Other	91	7.2	21,000	3	18	6.9	4,000	1
TOTAL	1,352	13.4	581,000	100	1,186	14.4	550,000	100

- Numbers reflect rounding to nearest 1,000 tonnes and ounces.
- Mineral Resources are exclusive of reserves.
- Mineral Resources are not in the current mine plan and therefore do not have demonstrated economic viability.
- All Mineral Reserves and Mineral Resources estimates have been made in accordance with the Standards of the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101 and assume a gold price of \$2,047 (US\$1,599) per ounce for the reserves and a gold price of \$2,191 (US\$1,712) per ounce for the resources, with a \$1 USD → CAD exchange rate of 1.28.
- Mineral Resources are reported in-situ with no dilution provision.
- A density or tonnage factor of 2.7 tonnes per cubic m (t/m³) is applied at both Eagle River Mine and Mishi Mine.
- At Eagle River Mine, all high assays are cut to either 60.0 – 140.0 g/t Au for individual zones.
- All Mineral Reserves at Eagle River employ a 1.5 m minimum width, a 3.0 g/t Au minimum grade for continuity and include 1.0 m of external dilution and 10% lost ore and metallurgical recoveries of 97.0%.
- At Mishi the 7 lenses considered in the Mineral Resource calculations are cut between 6.0 to 45.0 g/t Au. All high blasthole assays are cut to 10 g/t Au.
- All In-Pit Mineral Reserves at Mishi employ a 1.0 g/t cut-off grade and a 3.0 m minimum width. Estimates provide for 10% dilution, 10% lost ore and metallurgical recoveries of 83%.
- Mishi Mineral Reserves currently have a life of mine stripping ratio of 13 tonnes of waste per tonne of ore.
- Mishi In-Pit Mineral Resources extend to a depth of 110.0 m, employing a 0.5 g/t cut-off grade, a 3.0 m minimum width and are reported in-situ with no dilution or lost ore provisions.
- Mishi Underground Mineral Resources are reported in-situ employing a 3.0 g/t cut-off grade and a 1.5 m minimum mining width.
- Qualified Persons for the Mineral Reserves and Mineral Resources estimates as per NI 43-101 include Marc-André Pelletier P. Eng, COO, and Michael Michaud, P.Geo., VP Exploration of Wesdome.

Plans for 2021

- Total metres budgeted for 2021 range between 164,000 and 174,000 m for five underground and three surface drill rigs, including underground exploration of 60,000 – 70,000 m, underground definition drilling of 50,000 m, and surface exploration drilling 54,000 m.
- Definition drilling will be focused at 311W, 300E, Falcon Zone, and down dip on the 711 and 811 zones.
- Underground exploration drilling will be completed down plunge at the 300E zone, as well as west of 7 Zone along the diorite contact and up plunge from the 311 Zone. Additional underground exploration will also be completed further to the east of the current mining areas, in the east-central area of the mine to test for parallel zones north of the historic 8 and 6 zones. A comprehensive structural study is underway to assist the exploration targeting.
- The surface drilling program will initially concentrate on regional targets west of the mine diorite where recent surface sampling has returned a number of anomalous gold values.



TAILINGS AND WATER MANAGEMENT

The water that was temporally transferred into the Mishi Pit during the last spring freshet was transferred back to the Tailings Management Area (“TMA”) and the production restarted in the pit. The Company completed the vertical raise (Stage 4) of the existing dam structure. Stage 5 vertical extension is going to start in 2021 and will continue over the next few years. The Company is also working on a new project that will allow for the discharge of water further down the existing watershed, where water volumes are significantly increased. This will ensure minimal impacts to the environment. The design and permitting process are ongoing.

VENTILATION PROJECT

The current ventilation system limits Eagle River’s production as the operation can only operate four haulage trucks at depth. To increase production to 600 tonnes per day (“tpd”), the ventilation system will be upgraded by developing the 640 m ramp to provide a connection with the main ramp, a new ventilation raise underground and installation of a second fan. A total of \$4.3 million has been allocated to this project, with \$3.7 million incurred to date and \$0.6 million expected to be spent in Q1 2021.

KIENA COMPLEX

The Kiena Mine Complex is a fully permitted, integrated mining and milling infrastructure which includes a 930 m production shaft and 2,000 tpd capacity mill. From 1981 to 2013 the mine produced 1.75 million ounces of gold from 12.5 million tonnes at a grade of 4.5 g/t Au. The bulk of this production came from the S-50 Zone between depths of 100 and 1,000 m. In 2013, operations were suspended due to a combination of declining gold prices and lack of developed reserves. The infrastructure has been well preserved on care and maintenance status. Since 2015, Wesdome has been continuously exploring the Kiena deposit and in 2016 discovered the Kiena Deep A Zone, which remains a focus of underground exploration. When Kiena was placed on care and maintenance in 2012, an impairment charge of \$60.9M was recorded. Subsequently, an additional impairment charge of \$5.9M was recorded. Upon a successful pre-feasibility study and restart decision, some or all of the impairment charges may be reversed.

HIGHLIGHTS OF MINERAL RESOURCE ESTIMATE – December 15, 2020

Kiena Deep A Zones Mineral Resource Estimate Sensitivity Table (namely zones ZA, ZA1, ZA2 and H1ZA)

As at December 15, 2020				As at September 25, 2019		
	Tonnes (000s)	Gold Grade g/t Au	Gold Ounces	Tonnes (000s)	Gold Grade g/t Au	Gold Ounces
Indicated	1,279	17.5	719,900	679	18.55	405,100
Total M+I	1,279	17.5	719,900	679	18.55	405,100
Inferred	326	11.5	120,400	676	15.27	332,000

Kiena Complex Mineral Resource Estimate by Area (2.8 g/t Au cut-off)

As at December 15, 2020				As at September 25, 2019		
	Tonnes (000s)	Gold Grade g/t Au	Gold Ounces	Tonnes (000s)	Gold Grade g/t Au	Gold Ounces
Indicated	1,790	13.8	795,900	2,828	8.67	788,100
Total M+I	1,790	13.8	795,900	2,828	8.67	788,100
Inferred	3,406	6.0	656,200	2,918	8.51	798,100



- (1) The mineral resource estimate follows CIM definitions and guidelines for mineral resources.
- (2) Results are presented in situ and undiluted and considered to have reasonable prospects for economic extraction, below a 100 m crown pillar.
- (3) The resources include 46 zones with a minimum true thickness of 3.0 m (2.4 m for Wesdome zones) using the grade of the adjacent material when assayed or a value of zero when not assayed. High-grade capping varies from 20 to 265 g/t Au (when required) and was applied to composited assay grades for interpolation using an Ordinary Kriging interpolation method based on 1.0 m composite and block size of 5 m x 5 m x 5 m, with bulk density values of 2.8 (g/cm³). A three-step capping strategy was applied, where capping value decreased as interpolation search distance increased, in order to restrict high grade impact at greater distance. Indicated resources are manually defined and encloses areas where drill spacing is generally less than 30 m, blocks are informed by a minimum of three drill holes, and reasonable geological and grade continuity is shown.
- (4) The estimate is reported for potential underground scenario at cut-off grades of 2.8 g/t Au (> 40 degree dip) and 3.6 g/t Au (< 40 degree dip, Wesdome zones only). The cut-off grades were calculated using a gold price of US\$1,450 per ounce, a CAD:USD exchange rate of 1.32 (resulting in CAD\$1,914 per ounce gold price); mining cost \$100/t (>40 degree dip); \$150/t (<40 degree dip); processing cost \$40/t; G&A \$25/t. The cut-off grades should be re-evaluated in light of future prevailing market conditions (metal prices, exchange rate, mining cost, etc.).
- (5) The number of metric tonnes and ounces were rounded to the nearest hundred and the metal contents are presented in troy ounces (tonne x grade/31.10348).
- (6) The QP is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue not reported in this Technical Report that could materially affect the mineral resource estimate.

EXPLORATION DRILLING AND DEVELOPMENT

Over the past year, underground drilling was focused on definition drilling of the A Zone, which successfully upgraded a large portion of inferred resources to the indicated category, (see press release dated December 15, 2020). Drilling has since refocused on expansion drilling, not only at the A Zone and VC Zone, but at other prospective targets within the mine area. As part of this exploration focus, initial drilling via seven underground drill rigs has already successfully expanded the size of known mineralized zones, with follow-up drilling expected to contribute to future resource updates.

Kiena Deep A Zone Drilling

The following results are part of the 28,300 m drilled since the close-out date of the last mineral resource estimate update (September 18, 2020) and were therefore not included in that resource estimate. Highlights of the recent A Zone drilling are listed below.

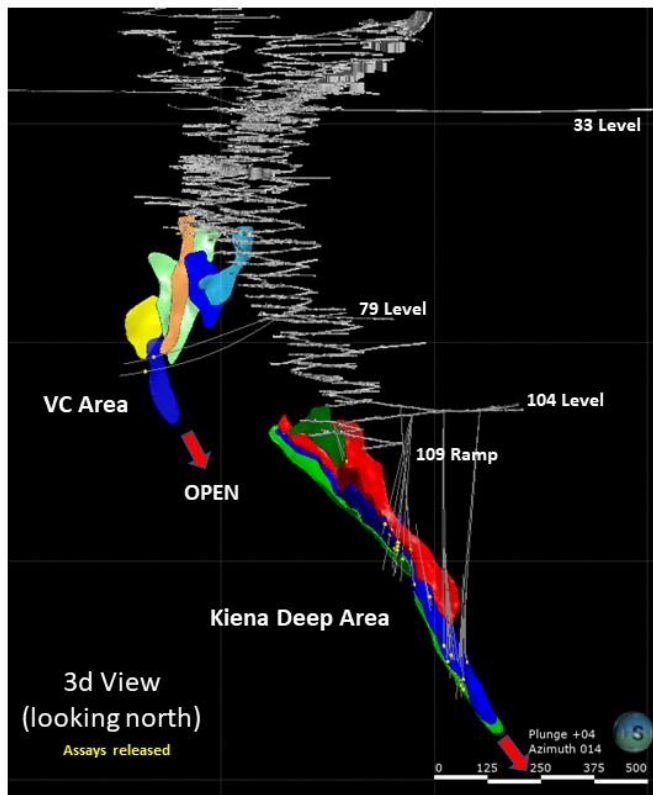
Hole 6740W4: 325.9 g/t Au over 8.0 m core length (46.8 g/t Au cut, 5.0 m true width) A2 Zone
Hole 6740W4: 22.8 g/t Au over 32.8 m core length (14.6 g/t Au cut, 15.0 m true width) A1 Zone
Hole 6704W3: 24.1 g/t Au over 36.5 m core length (8.4 g/t Au cut, 6.0 m true width) A2 Zone
All assays cut to 90.0 g/t Au. True widths are estimated.

VC1 Zone Drilling

Drilling of the VC1 zone has continued to return a number of high grade intersections and has now confirmed the previous interpretation that the VC1 zone is a separate structure having a different orientation than the A Zone. The mineralization of the VC1 zone has transitioned from a more sulphide-rich variety found in the upper extents of the mine, to a quartz-rich environment with visible gold present at depth. The VC1 zone extends 475 m down plunge from 67 Level to 107 Level, where development and drilling are presently being completed (Figure 2). Hole 6531 (previously released) returned 31.1 g/t Au over 5.1 m (24.3 g/t Au cut over 3.9 m TW) and illustrates the higher grade potential of the VC1 at depth. Recent drill hole 6738C confirms these results, returning 20.0 g/t



Au over 4.6 m core length (20.0 g/t Au cut, 4.1 m TW). The VC1 zone remains open at depth and will be a focus for ongoing drilling.



Initial sill development was completed on the Kiena Deep A Zone on 111 Level. The development has confirmed the continuity of the A Zone high grade gold mineralization along strike. Visible gold is associated with folded quartz veins which are located within an overall zone of strong amphibole alteration. The mill was restarted to process the A zone bulk sample in December, of which a total of 1,500 ounces of gold have been sold. More gold from the mill circuit clean-up has been recovered and will be refined later in Q1, followed by the final reconciliation of the bulk sample, once all the information is available. The Kiena infrastructure has been well-maintained, and will enable a quick restart once a production decision is made.

Additional Zones

Many exploration targets exist and an aggressive program (in excess of 40,000 m) has been budgeted to test these targets. Exploration will initially focus on adjacent zones, including the VC and B Zones at depth as these would be accessible from the main ramp and would enhance the current ounces per vertical metre already defined in the A Zone. The most recent drilling shows the potential of extending the high grade VC1 zone to depth. Additionally, there are a number of excellent exploration targets east of the mine area that are accessible from 33 level, and will be part of the 2021 exploration program, of which some targets contain quartz veins with visible gold.

Preliminary Feasibility Study (“PFS”)

A Preliminary Economic Assessment (“PEA”) study was completed in Q2 2020. The PEA demonstrates a low-



cost and high margin operation, with low capital requirements and a short payback period, while minimizing risks and maximizing shareholders' return.

An updated resource estimate was released in Q4 2020 to be followed by the execution of a pre-feasibility study ("PFS"). The PFS is expected to be completed in Q2 2021, with a scheduled re-start decision shortly thereafter.

Surface Exploration Drilling

Data compilation, combined with the recent MT and Airborne Mag surveys in the area immediately adjacent to the Kiena mine, has resulted in a new geologic interpretation and has identified a number of exploration targets for drilling. A 42,000 m surface drilling program has commenced to test these targets from surface. These initial targets are located along the Marbenite Fault (within 1.5 km from Kiena Mine Complex).

Moss Lake Project

On January 26, 2021, Wesdome entered into a definitive purchase agreement (the "**Agreement**") with Goldshore Resources Inc. ("**Goldshore**") to monetize its Moss Lake Project ("**Moss Lake**") located in Ontario, Canada (the "**Transaction**"). Pursuant to the Agreement, Goldshore will acquire all of Wesdome's property, assets and rights related to Moss Lake. The Closing of the Transaction ("**Closing**") is expected to occur in early Q2 2021. Following the closing, Goldshore will hold a 100% interest in Moss Lake.

Under the terms of the Agreement, Wesdome will receive minimum initial aggregate consideration of \$57M, comprised of the following:

- \$12.5 million in cash upon Closing;
- Shares of Goldshore in an amount equal to the greater of a) \$19.5 million and b) 30% of the issued and outstanding common shares at Closing;
- \$20 million in shares of Goldshore in the form of milestone payments consisting of:
 - \$5 million within 12 months of Closing;
 - \$7.5 million upon the earlier of (i) Goldshore completing an updated PEA or pre-feasibility study; and (ii) 30 months from Closing;
 - \$7.5 million upon the earlier of (i) Goldshore completing a feasibility study, (ii) the date on which Goldshore makes a development decision on Moss Lake; and (iii) 48 months from Closing;
- The grant to Wesdome of a 1.00% NSR royalty on all metal production from Moss Lake. Goldshore shall have the right to repurchase the NSR royalty for (i) \$5 million within 30 months of Closing; or (ii) \$7.5 million between 30 – 48 months from Closing. The royalty buyback rights shall expire if not exercised within 48 months of Closing.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, Wesdome had working capital of \$54.4 million compared to \$32.6 million at December 31, 2019. Cash and cash equivalents at December 31, 2020 was \$63.5 million as compared to \$35.7 million at the beginning of the year. An abbreviated cash flow statement is as follows:



In Millions (Canadian dollar)	FY 2020	FY 2019	Change
Eagle River			
Mine profits ¹	\$119.3	\$90.9	28.4
Covid-19	(\$2.8)	-	(2.8)
Sustaining capital and mine exploration	(17.1)	(21.4)	4.4
Tailings management facility	(2.0)	(8.3)	6.3
Ventilation project	(3.7)	-	(3.7)
Capitalized exploration	(4.8)	(3.8)	(1.0)
Lease payments	(4.8)	(9.0)	4.1
	84.1	48.4	35.7
Kiena			
Investment in exploration & evaluation ²	(40.9)	(25.3)	(15.5)
Corporate	(7.4)	(6.7)	(0.7)
Stock options exercised	2.8	5.4	(2.6)
Mining tax paid	(8.6)	(3.7)	(4.9)
Borrowings	(3.6)	2.6	(6.2)
Net change in working capital and other	1.5	(12.5)	14.0
Net increase in cash	\$27.8	\$8.3	\$19.5
Cash, beginning of period	\$35.7	\$27.4	
Cash, end of period	\$63.5	\$35.7	

¹ Mine profits is a non-IFRS performance measure. Please refer to the disclosures of non- IFRS measures in this MD&A

² Net of incidental gold sales credit of \$3.6 million from the bulk sample.

Mine profits¹ for 2020 increased by 31% from 2019 primarily due to the increase in the number of ounces of gold sold and a higher realized gold price. The Company invested \$49.4 million in the Eagle River surface exploration, the ventilation project and the Kiena asset in 2020 as compared to \$29.1 million in 2019.

The following table identifies the significant movements in operating cash flow for the three months and the years ended December 31, 2020 and 2019 as follows:

In \$000s	Q4 2020	Q4 2019	Change		FY 2020	FY 2019	Change	
Operating cash flow, previous period	25,465	27,275	(1,810)	(7)%	71,163	46,300	24,863	54%
Increase (decrease) in cash margin from mine operations	(6,905)	(954)	(5,951)		28,350	38,776	(10,426)	
Decrease (increase) in other operating expenditures	(854)	(328)	(526)		(704)	286	(990)	
Mining and income tax recovery (payments)	(2,370)	(340)	(2,030)		(15,577)	(476)	(15,101)	
Covid-19	294	-	294		(2,824)	-	(2,824)	
NIER Program	-	-	-		-	(1,032)	1,032	
Exploration credits refund	-	-	-		(2,867)	2,867	(5,734)	
Net change in working capital balances	(2,174)	(9,875)	7,701		26,041	(15,667)	41,708	
Other	(563)	129	(692)		(1,290)	109	(1,399)	
Net increase (decrease) in operating cash flows	(12,572)	(11,368)	(1,204)		31,129	24,863	6,266	25%
Operating cash flow, current period	12,893	15,907	(3,014)	(19)%	102,292	71,163	31,129	44%

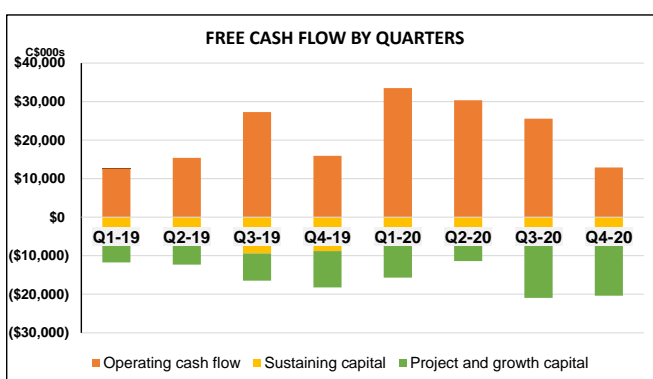
The net change in working capital balances is primarily due to the decrease in ore stockpile and bullion inventory resulting from inventory level changes.

Capital and exploration and evaluation expenditures incurred in 2020 totaled \$68.4 million as compared to \$58.8 million in 2019. A breakdown of the capital expenditures for the three months and for the years ended December 31, 2020 and 2019 are as follows:

In \$000s	Q4 2020	Q4 2019	Change		FY 2020	FY 2019	Change	
Mining properties and plant and equipment								
Eagle River								
Capitalized exploration costs	1,936	2,701	(765)		7,841	8,414	(573)	
Sustaining mine development costs	3,050	3,984	(934)		11,988	15,937	(3,949)	
Mining equipment and infrastructure upgrades	843	325	518		2,044	837	1,207	
Tailings management facility	158	2,863	(2,705)		1,996	8,322	(6,326)	
Ventilation project	2,718	-	2,718		3,682	-	3,682	
	8,705	9,873	(1,168)		27,551	33,510	(9,641)	
Corporate Office	-	-	-		-	-	-	
Kiena								
Exploration equipment	279	32	247		405	32	373	
Additions to Mining properties	8,984	9,905	(921)	(9)%	27,956	33,542	(9,268)	(17)%
Exploration and evaluation expenditures								
Eagle River	-	-	-		-	-	-	
Kiena ¹	11,397	8,260	3,137		40,396	25,141	15,255	
Moss Lake	9	52	(43)		84	79	5	
Additions to Exploration properties	11,406	8,312	3,094	37%	40,480	25,220	15,260	61%
Total capital investments	20,390	18,217	2,173	12%	68,436	58,762	5,992	16%

¹ Net of incidental gold sales credit of \$3.6 million from the bulk sample.

Wesdome generated \$29.0 million of free cash flow ¹ in 2020 compared to \$6.7 million in 2019. The increase in free cash flow ¹ was mainly due to the increase in the number of ounces sold, combined with a favourable gold price; offset partially by additional capital spending at Kiena, and higher mining taxes paid.



¹ Free cash flow is a non-IFRS performance measure. Please refer to the disclosures of non-IFRS measures in this MD&A



Secured Credit Facility and Lease Facilities

Secured Credit Facility

During Q4 2020, the Company was in compliance with the financial covenants stipulated under its \$45.0 million senior secured revolving credit facility (“**NBF Facility**”), led by National Bank Financial Inc. (“**NBF**”). The NBF Facility, which will be used for general corporate and working capital purposes, is secured by all of the Company’s present and future real and personal property. The NBF Facility is available by way of (i) Canadian dollar Prime Rate or U.S. dollar Base Rate, with interest rates ranging from 2.5% to 3.5% over NBF’s Prime Rate or Base Rate, as applicable, (ii) Canadian dollar Bankers’ Acceptances at acceptance fees ranging from 3.5% to 4.5%, and (iii) U.S. dollar LIBOR with interest rates ranging from 3.5% to 4.5% over LIBOR. The actual spread or rate will be determined based on the Company’s net leverage ratio (as defined). The NBF Facility is also available for letters of credit. At December 31, 2020 the entire \$45.0 million facility was available.

Leasing Facility

The Company currently has a leasing facility (“**C\$ Leasing Facility**”) with a chartered Canadian bank and a leasing facility (“**US\$ Leasing Facility**”) with a U.S. based leasing company. As at December 31, 2020, \$8.0 million and US\$2.2 million was owing under the C\$ Leasing Facility and US\$ Leasing Facility, respectively.

Reclamation Bonds

The Company currently has an agreement with a financial institution whereby the financial institution has issued surety bonds, on an unsecured basis to satisfy the Company’s reclamation obligations for the Eagle River Complex. During Q1 2020, the financial institution increased the surety bond for the Eagle River Complex by \$8.0 million. As at December 31, 2020, the total reclamation bonds issued to government environmental agencies amounted to \$16.6 million (December 31, 2019 - \$8.6 million).

The final closure plans were submitted during Q4 2019, for the Eagle River Complex to the Ontario Ministry of Energy, Northern Development and Mines (“**MENDM**”) for approval. The MENDM approved the closure plan for the Eagle River Mill in Q1 2020 and the closure plans for the Eagle River Mine and the Mishi-Magnacon Mine are still being reviewed. The Company has obtained financial commitment from the financial institution to amend the surety bonds for the anticipated increase in financial assurance to be provided to the government for the estimate of the financial assurance requirements.

The Company will be submitting an updated Closure Plan for the Kiena Complex in April 2021, which will include the planned upgrades to the site’s Tailings Management Area. The Company anticipates, and is prepared for, increased financial assurance to be required under the updated Closure Plan.

SUMMARY OF SHARES ISSUED

As of March 10, 2021, the Company had securities outstanding as follows:

Shares outstanding	000s
Common shares issued	139,432
Common share purchase options	3,638
Deferred Share Units	315
Performance Share Units	89
Restricted Share Units	343



CONTRACTUAL OBLIGATIONS

The following table shows the timing of cash outflows relating to contractual obligations as at December 31, 2020:

In \$000s					
	Total	Within 1 year	1 - 2 Years	3 – 5 Years	Beyond 5 years
Payables and accruals	21,123	\$21,123	-	-	-
Mining and income liabilities	3,481	3,481	-	-	-
Lease liabilities	12,068	6,290	4,317	1,461	-
Purchase and work commitments	1,858	1,858	-	-	-
Decommissioning liabilities	24,254	-	7,027	-	17,227
	\$62,784	\$32,752	\$11,344	\$1,461	\$17,227

NON-IFRS PERFORMANCE MEASURES

Average realized price per ounce of gold sold

Average realized price per ounce of gold sold is a non-IFRS measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS. Average realized price per ounce of gold sold is calculated by dividing gold sales proceeds received by the Company for the relevant period by the ounces of gold sold. It may not be comparable to information in other gold producers' reports and filings.

In 000s, except per unit amounts	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2020	FY 2019
Revenues per financial statements	48,362	55,000	54,772	57,332	43,223	45,940	42,276	32,535	215,466	163,974
Silver revenue from mining operations	(40)	(47)	(48)	(37)	(40)	(49)	(38)	(28)	(172)	(155)
Gold revenue from mining operations (a)	48,322	54,953	54,724	57,295	43,183	45,891	42,238	32,507	215,294	163,819
Ounces of gold sold (b)	19,889	21,700	23,140	26,500	22,100	23,450	24,113	18,760	91,229	88,423
Average realized price gold sold CAD (c) = (a) ÷ (b)	2,430	2,532	2,365	2,162	1,954	1,957	1,752	1,733	2,360	1,853
Average 1 USD → CAD exchange rate (d)	1.3030	1.3321	1.3853	1.3449	1.3200	1.3204	1.3377	1.3295	1.3415	1.3269
Average realized price gold sold USD (c) ÷ (d)	1,865	1,901	1,707	1,608	1,480	1,482	1,309	1,303	1,759	1,396




Cash costs per ounce of gold sold

Cash cost per ounce of gold sold is a non-IFRS performance measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS, as well it may not be comparable to information in other gold producers' reports and filings. The Company has included this non-IFRS performance measure throughout this document as Wesdome believes that this generally accepted industry performance measure provides a useful indication of the Company's operational performance. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following table provides a reconciliation of total cash costs per ounce of gold sold to cost of sales per the financial statements for each of the last eight quarters:

In 000s, except per unit amounts	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2020	FY 2019
Cost of sales per financial statements	30,483	30,487	26,826	37,590	22,804	25,246	26,571	20,185	125,386	94,806
Covid-19	(987)	(1,281)	(556)	-	-	-	-	-	(2,824)	-
Depletion and depreciation	(6,345)	(6,322)	(5,802)	(7,877)	(5,397)	(6,076)	(6,350)	(3,909)	(26,346)	(21,732)
Silver revenue from mining operations	(40)	(47)	(48)	(37)	(40)	(49)	(38)	(28)	(172)	(155)
Cash costs (a)	23,111	22,837	20,420	29,676	17,367	19,121	20,183	16,248	96,044	72,919
Ounces of gold sold (b)	19,889	21,700	23,140	26,500	22,100	23,450	24,113	18,760	91,229	88,423
Cash costs per ounce of gold sold (c) = (a) ÷ (b)	1,162	1,052	882	1,120	786	815	837	866	1,053	825
Average 1 USD → CAD exchange rate (d)	1.3030	1.3321	1.3853	1.3449	1.3200	1.3204	1.3377	1.3295	1.3415	1.3269
Cash costs per ounce of gold sold USD (c) ÷ (d)	892	790	637	833	595	618	626	651	785	621

Production costs per tonne milled

Mine-site cost per tonne milled is a non-IFRS performance measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS, as well it may not be comparable to information in other gold producers' reports and filings. As illustrated in the table below, this measure is calculated by adjusting cost of sales, as shown in the statements of income for non-cash depletion and depreciation, royalties and inventory level changes and then dividing by tonnes processed through the mill. Management believes that mine-site cost per tonne milled provides additional information regarding the performance of mining operations and allows Management to monitor operating costs on a more consistent basis as the per tonne milled measure reduces the cost variability associated with varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, the estimated revenue on a per tonne basis must be in excess of the production cost per tonne milled in order to be economically viable. Management is aware that this per tonne milled measure is impacted by fluctuations in throughput and thus uses this evaluation tool in conjunction with production costs prepared in accordance with IFRS. This measure supplements production cost information prepared in accordance with IFRS and allows investors to distinguish between changes in production costs resulting from changes in production versus changes in operating performance.

In 000s, except per unit amounts	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2020	FY 2019
Cost of sales per financial statements	30,483	30,487	26,826	37,590	22,804	25,246	26,571	20,185	125,386	94,806
Covid-19	(987)	(1,281)	(556)	-	-	-	-	-	(2,824)	-
Depletion and depreciation	(6,345)	(6,322)	(5,802)	(7,877)	(5,397)	(6,076)	(6,350)	(3,909)	(26,346)	(21,732)
Royalties	(925)	(952)	(1,111)	(1,025)	(797)	(1,074)	(701)	(608)	(4,013)	(3,180)
Inventory adjustments	631	(43)	(774)	(215)	(1,407)	5,023	(1,063)	(788)	(401)	1,765
Mining and processing costs, before inventory adjustments (a)	22,857	21,889	18,583	28,473	15,203	23,119	18,457	14,880	91,802	71,659
Ore milled (tonnes) (b)	57,106	56,200	56,070	66,922	32,365	39,657	47,377	49,411	236,298 	168,809
Production costs per tonne milled (a) ÷ (b)	400	389	331	425	470	583	390	301	389	424

Mine profit

Mine profit is a non-IFRS measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS, as well it may not be comparable to information in other gold producers' reports and filings. It is calculated as the difference between gold sales revenue from mining operations and cash mine site operating costs (see Cash cost per ounce of gold sold under this Section above) per the Company's Financial Statements. The Company believes it illustrates the performance of the Company's operating mines and enables investors to better understand the Company's performance in comparison to other gold producers who present results on a similar basis.

In 000s, except per unit amounts	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2020	FY 2019
Gold revenue from mining operations (per above)	48,322	54,953	54,724	57,295	43,183	45,891	42,238	32,507	215,294	163,819
Cash costs (per above)	23,111	22,837	20,420	29,676	17,367	19,121	20,183	16,248	96,044	72,919
Mine profit	25,211	32,116	34,304	27,619	25,816	26,770	22,055	16,259	119,250	90,900
Per ounce of gold sold (Canadian dollar):										
Average realized price (a)	2,430	2,532	2,365	2,162	1,954	1,957	1,752	1,733	2,360	1,853
Cash costs (b)	1,162	1,052	882	1,120	786	815	837	866	1,053	825
Cash margin (a) – (b)	1,268	1,480	1,483	1,042	1,168	1,142	915	867	1,307	1,028

All-in sustaining costs

All-in sustaining costs (“**AISC**”) include mine site operating costs incurred at Wesdome mining operations, sustaining mine capital and development expenditures, mine site exploration expenditures and equipment lease payments related to the mine operations and corporate administration expenses. The Company believes that this measure represents the total costs of producing gold from current operations and provides Wesdome and other stakeholders with additional information that illustrates the Company’s operational performance and ability to generate cash flow. This cost measure seeks to reflect the full cost of gold production from current operations on a per-ounce of gold sold basis. New project and growth capital are not included.

In 000s, except per unit amounts	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2020	FY 2019
Cost of sales, per financial statements	30,483	30,487	26,826	37,590	22,804	25,246	26,571	20,185	125,386	94,806
Covid-19	(987)	(1,281)	(556)	-	-	-	-	-	(2,824)	-
Depletion and depreciation	(6,345)	(6,322)	(5,802)	(7,877)	(5,397)	(6,076)	(6,350)	(3,909)	(26,346)	(21,732)
Silver revenue from mining operations	(40)	(47)	(48)	(37)	(40)	(49)	(38)	(28)	(172)	(155)
Cash costs	23,111	22,837	20,420	29,676	17,367	19,121	20,183	16,248	96,044	72,919
Sustaining mine exploration and development	3,471	2,480	4,299	4,765	5,634	5,515	4,696	4,740	15,015	20,585
Sustaining mine capital equipment	877	849	122	196	3,323	(43)	221	336	2,044	837
Tailings management facility	158	1,415	389	34	2,863	3,950	1,509	-	1,996	8,322
Corporate and general	2,231	1,371	1,805	1,971	1,745	1,417	1,498	2,008	7,378	6,668
Payment of lease liabilities ¹	1,316	1,322	1,152	1,057	901	1,558	1,316	1,255	4,847	5,030
All-in Sustaining costs (AISC) (a)	31,164	30,274	28,187	37,699	28,833	31,518	29,423	24,587	127,324	114,361
Ounces of gold sold (b)	19,889	21,700	23,140	26,500	22,100	23,450	24,113	18,760	91,229	88,423
AISC (c) = (a) ÷ (b)	1,567	1,395	1,218	1,423	1,305	1,344	1,220	1,311	1,396	1,293
Average 1 USD → CAD exchange rate (d)	1.3030	1.3321	1.3853	1.3449	1.3200	1.3204	1.3377	1.3295	1.3415	1.3269
AISC USD (c) ÷ (d)	1,203	1,047	879	1,058	988	1,018	912	986	1,040	975

¹ The payment of the lease liabilities excludes the cancellation payment of \$3.9 million.

Free cash flow and operating and free cash flow per share

Free cash flow is calculated by taking net cash provided by operating activities less cash used in capital expenditures and lease payments as reported in the Company's financial statements. Free cash flow per share is calculated by dividing free cash flow by the weighted average number of shares outstanding for the period.

Operating cash flow per share is a non-IFRS measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS. Operating cash flow per share is calculated by dividing cash flow from operating activities in the Company's Financial Statements by the weighted average number of shares outstanding for each year. It may not be comparable to information in other gold producers' reports and filings.

In 000s, except per share amounts	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2020	FY 2019
Net cash provided by operating activities per financial statements (c)	12,893	25,560	30,348	33,491	15,907	27,275	15,400	12,581	102,292	71,163
Sustaining mine exploration and development	(3,471)	(2,480)	(4,299)	(4,765)	(5,634)	(5,515)	(4,696)	(4,740)	(15,015)	(20,585)
Sustaining mine capital equipment	(877)	(849)	(122)	(196)	(323)	43	(221)	(336)	(2,044)	(837)
Tailings management facility	(158)	(1,415)	(389)	(34)	(2,863)	(3,950)	(1,509)	-	(1,996)	(8,322)
Ventilation project	(2,718)	(964)	-	-	-	-	-	-	(3,682)	-
Leasehold improvements and IT fixtures	-	-	-	-	-	-	110	(110)	-	-
Capitalized exploration and evaluation expenditures	(11,406)	(13,962)	(5,958)	(9,154)	(8,312)	(5,872)	(5,498)	(5,538)	(40,480)	(25,220)
Exploration capital equipment	(279)	-	(70)	(56)	(32)	-	-	-	(405)	(32)
Surface exploration at Eagle River	(1,481)	(1,273)	(565)	(1,495)	(1,053)	(1,194)	(488)	(1,031)	(4,814)	(3,766)
Funds held against standby letters of credit	-	-	-	-	-	(30)	(627)	-	-	(657)
Payment of lease liabilities ¹	(1,316)	(1,322)	(1,152)	(1,057)	(901)	(1,558)	(1,316)	(1,255)	(4,847)	(5,030)
Free cash flows (a)	(8,813)	3,295	17,793	16,734	(3,211)	9,199	1,155	(429)	29,009	6,714
Weighted number of shares (000s) (b)	139,482	139,308	138,918	138,464	137,867	137,302	136,740	135,788	139,045	136,931
Per Share data										
Operating cash flow (c) ÷ (b)	0.09	0.18	0.22	0.24	0.12	0.20	0.11	0.09	0.74	0.52
Free cash flow (a) ÷ (b)	(0.06)	0.02	0.13	0.12	(0.02)	0.07	0.01	0.00	0.21	0.05

¹ The payment of the lease liabilities excludes the cancellation payment of \$3.9 million in Q3 2019.

Net income (adjusted) and Adjusted net income per share

Adjusted net income (loss) and adjusted net income per share are non-IFRS performance measures and do not constitute a measure recognized by IFRS and do not have standardized meanings defined by IFRS, as well both measures may not be comparable to information in other gold producers' reports and filings. Adjusted net income (loss) is calculated by removing the one-time gains and losses resulting from the disposition of non-core assets, non-recurring expenses and significant tax adjustments (mining tax recognition and exploration credit refunds) not related to current period's income, as detailed in the table below. Wesdome discloses this measure, which is based on its financial statements, to assist in the understanding of the Company's operating results and financial position.

In 000s, except per share amounts	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2020	FY 2019
Net income per financial statements	8,491	14,614	16,097	11,513	12,077	12,449	8,327	8,092	50,715	40,945
Adjustments for:										
Exploration credit refund	-	-	-	-	-	-	-	(2,867)	-	(2,867)
Other	-	-	-	-	-	-	-	(255)	-	(255)
Total adjustments	-	-	-	-	-	-	-	(3,122)	-	(3,122)
Related income tax effect	-	-	-	-	-	-	-	753	-	753
	-	-	-	-	-	-	-	(2,369)	-	(2,369)
Net income adjusted (a)	8,491	14,614	16,097	11,513	12,077	12,449	8,327	5,723	50,715	38,576
Weighted number of shares (000s) (b)	139,482	139,308	138,918	138,464	137,867	137,302	136,740	135,788	139,045	136,931
Per Share data										
Net adjusted income (a) ÷ (b)	0.06	0.10	0.12	0.08	0.09	0.09	0.06	0.04	0.36	0.28

EBITDA

Earnings before interest, taxes and depreciation and amortization (“**EBITDA**”) is a non-IFRS financial measure which excludes the following items from net income (loss): interest expense; mining and income taxes and depletion and depreciation expenses. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use EBITDA and as an indicator of Wesdome’s ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures. EBITDA is intended to provide additional information to investors and analysts and do not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other producers may calculate EBITDA differently. The following table provides a reconciliation of net income in the Company’s consolidated financial statements to EBITDA:

In 000s	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2020	FY 2019
Net income per financial statements	8,491	14,614	16,097	11,513	12,077	12,449	8,327	8,092	50,715	40,945
Adjustments for:										
Mining and income tax expense	2,887	7,365	8,164	5,769	5,487	6,297	4,619	4,085	24,185	20,488
Depletion and depreciation	6,345	6,322	5,802	7,877	5,397	6,076	6,350	3,909	26,346	21,732
Non-recurring expenses (income)	-	-	-	-	-	-	-	(3,122)	-	(3,122)
Interest expense	294	263	284	255	315	138	114	112	1,096	679
EBITDA	18,017	28,564	30,347	25,414	23,276	24,960	19,410	13,076	102,342	80,722

ACCOUNTING MATTERS

BASIS OF PRESENTATION

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

CRITICAL JUDGMENT IN APPLYING ACCOUNTING POLICIES

Exploration and evaluation expenditures

Judgment is required in determining whether the respective costs are eligible for capitalization where applicable, and whether they are likely to be recoverable by future exploration, which may be based on assumptions about future events and circumstances. Estimates and assumptions made may change if new information becomes available.

KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Reserves and resources

Proven and probable reserves are the economically mineable parts of the Company's measured and indicated mineral resources that have been incorporated into the mine plan. The Company estimates its proven and probable reserves and measured, indicated and inferred mineral resources based on information compiled by appropriately qualified persons. The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. The estimation of future cash flows related to proven and probable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body.

Changes in the proven and probable reserves or measured, indicated and inferred mineral resources estimates may impact the carrying value of mining properties and equipment, depletion, impairment assessments and the timing of decommissioning and remediation obligations.

(ii) Depletion

Mining properties are depleted using the Units of Production ("UOP") method over a period not to exceed the estimated life of the ore body based on recoverable ounces to be mined from proven and probable reserves.

The calculation of the UOP rate, and therefore the annual depletion expense, could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the gold price used in the estimation of mineral reserves.

Significant judgment is involved in the determination of useful life and residual values for the computation of depletion and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

(iii) *Provision for decommissioning obligations*

The Company assesses its provision for decommissioning on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for decommissioning obligations requires management to make estimates of the future costs the Company will incur to complete the decommissioning work required to comply with existing laws and regulations applicable to each mining operation. Also, future changes to environmental laws and regulations could increase the extent of decommissioning work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for decommissioning. The provision represents management's best estimate of the present value of the future decommissioning obligation. Actual future expenditures may differ from the amounts currently provided.

(iv) *Stock-based compensation*

The determination of the fair value of stock-based compensation is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Stock-based compensation incorporates an expected forfeiture rate and is estimated based on historical forfeitures and expectations of future forfeitures, and is adjusted if the actual forfeiture rate differs from the expected rate.

The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

(v) *Income taxes and deferred taxes*

The Company is subject to income tax laws in various jurisdictions. Tax laws are complex and potentially subject to different interpretations by the taxpayer and the relevant tax authority. The provision for income taxes and deferred tax represents management's interpretation of the relevant tax laws and its estimate of current and future income tax implications of the transactions and events during the period. The Company may be required to change its provision for income taxes or deferred tax balances when the ultimate deductibility of certain items is successfully challenged by taxing authorities or if estimates used in determining the amount of deferred tax asset to be recognized changes significantly, or when receipt of new information indicates the need for adjustment in the amount of deferred tax to be recognized. Additionally, future events, such as changes in tax laws, tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax, deferred tax balances and the effective tax rate. Any such changes could materially affect the amounts reported in the consolidated financial statements in the year these changes occur.

Judgment is required to continually assess changing tax interpretations, regulations and legislation, to ensure liabilities are complete and to ensure assets are realizable. The impact of different interpretations and applications could be material.

(vi) *Recoverability of mining properties*

The Company's management reviews the carrying values of its mining properties on a regular basis to determine whether any write-downs are necessary. The recovery of amounts recorded for mining properties

depends on confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. Management relies on life-of-mine ("**LOM**") plans in its assessments of economic recoverability and probability of future economic benefit. LOM plans provide an economic model to support the economic extraction of reserves and resources. A long-term LOM plan and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.

(vii) *Inventory – ore stockpile*

Expenditures incurred and depletion of assets used in mining and processing activities are deferred and accumulated as the cost of ore maintained in stockpiles. These deferred amounts are carried at the lower of cost or Net realizable value ("**NRV**"). Impairments of ore in stockpiles resulting from NRV impairments are reported as a component of current period costs.

The allocation of costs to ore in stockpiles and the determination of NRV involve the use of estimates. There is a significant degree of uncertainty in estimating future milling costs, future milling levels, prevailing and long-term gold and silver prices, and the ultimate estimated recovery for ore.

(viii) *Provisions and contingent liabilities*

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, past experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

ACCOUNTING PRONOUNCEMENTS

Adoption of New Accounting Standards

The following new standards, and amendments to standards and interpretations, are effective for the first time for the annual periods beginning on or after January 1, 2020 and have been applied in preparing these condensed interim consolidated financial statements:

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7)

IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosure* have been revised to incorporate amendments issued by the IASB in response to the ongoing reform of interest rate benchmarks around the world. The replacement of existing benchmarks with new risk-free rates over the next few years can have significant effects on hedge accounting. The amendments aim to provide relief for hedging relationships. The amendments provide temporary exceptions from applying certain hedge accounting requirements in IFRS 9 and IAS 39 to all hedging relationships directly affected by interest rate benchmark reform. Without these amendments, the uncertainty surrounding the replacement of benchmark rates could result in entities having to discontinue hedge accounting solely because of the reform's effect on their ability to make forward-looking assessments. The amendments to IFRS 7 also provide specific disclosure requirements regarding uncertainty arising from interest rate benchmark reform. The adoption of this amendment did not have a material impact on the Company's financial statements.

Definition of Material

The IASB has issued *Definition of Material*, amending IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to make it easier for entities to judge whether

information is material for inclusion in the financial statements. The amendments:

- include in the definition of material guidance that was previously only featured elsewhere in IFRS
- improve the explanations that accompany the definition
- ensure the definition of material is consistent across all IFRS standards

The adoption of this amendment did not have a material impact on the Company's financial statements.

New standards and interpretations not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments disclosures require the Company to provide information about: a) the significance of financial instruments for the Company's financial position and performance and, b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the statement of financial position date, and how the Company manages those risks. Please refer to note 24 of the Company's financial statements for a discussion of the factors that affects Wesdome.

RELATED PARTY TRANSACTIONS

Key management of the Company are its Board of Directors and members of executive management. Key management personnel remuneration includes the following payments for the three months and the full year ended December 31, 2020 and 2019:

In 000s	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Salary and short-term employee benefits	\$ 736	\$ 642	\$ 4,880	\$ 4,242
Long-term benefits	12	22	53	86
Stock-based payments	442	390	2,449	2,226
	\$ 1,190	\$ 1,054	\$ 7,382	\$ 6,554

OTHER RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high risk nature of its business which is the operation, exploration and development of mineral properties. Risk factors relating to the Company could materially affect the Company's future results and could cause them to differ materially from those described in forward-looking

information relating to the Company. Investors and prospective investors should give careful consideration to all of the information contained in this MD&A, including the risk factors set forth below. It should be noted that this list is not exhaustive and that other risk factors may apply, including risks described elsewhere herein, risks not currently known to the Company and risks that the Company currently deems immaterial. Any one or more of these risk factors could have a material adverse effect on the Company's business, results of operations, financial condition and the value of its securities.

Nature of Mineral Exploration

Subject to any future expansion or other development, production from existing operations at the Company's mines will typically decline over the life of the mine. As a result, the Company's ability to maintain its current production or increase its annual production and generate revenues therefrom will depend significantly upon the Company's ability to discover or acquire and to successfully bring new mines into production and to expand reserves at existing mines. The exploration for and development of mineral deposits involves significant financial risks which even with a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an orebody may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a site. As a result, the Company cannot provide assurance that its exploration or development efforts will result in any new commercial mining operations or yield new mineral reserves to replace or expand current mineral reserves.

Mineral Resource and Mineral Reserve Estimates

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve estimate is a function of the quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Company's financial position and results of operations.

The Company's gold production may fall below estimated levels as a result of mining accidents, adverse ground conditions, or as a result of other operational difficulties. In addition, production may be unexpectedly reduced if, during the course of mining, mineral grades are lower than expected, the physical or metallurgical characteristics of the minerals are less amenable than expected to mining or treatment, or dilution increases.

Safety, Health and Environmental Regulations

Safety, health and environmental legislation affects nearly all aspects of the Company's operations including exploration, mine development, working conditions, waste disposal, emission controls and protection of endangered and protected species. Compliance with safety, health and environmental legislation can require significant expenditures and failure to comply with such safety, health and environmental legislation may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, clean-up costs resulting from contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from the Company's existing operations, but from operations that have been closed. The Company could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurances that the Company will at all times be in compliance with all safety, health and environmental regulations or that steps to achieve compliance would not materially adversely affect the Company's business.

Safety, health and environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on its operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as

a result of the implementation of new and increasingly stringent safety, health and environmental regulation. For example, emissions standards are poised to become increasingly stringent. Further changes in safety, health and environmental laws, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, may require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Company. Environmental and regulatory review is a long and complex process that can delay the opening, modification or expansion of a mine, extend decommissioning at a closed mine, or restrict areas where exploration activities may take place.

In 2018, Wesdome implemented a **"Fit For Duty Policy"** at its properties to better control drug and alcohol abuse. This policy apply to both the Company and the contractors employees.

Economic Conditions

General levels of economic activity and recessionary conditions may have an adverse impact on the Company's business.

Market events and conditions, including the deterioration of global economic conditions due to COVID-19 have caused significant volatility to commodity prices. The governments have introduced extensive financial packages to support individuals and businesses. Central banks have decreased their lending rates to almost zero and have announced extensive and direct lending to private corporations and financial companies. Various businesses may fail and there could be significant loan defaults. The impact to consumer and business confidence levels is not known at this time. There is a possibility of a world-wide recession.

The Company is monitoring the outbreak of the COVID-19 coronavirus. Current business disruptions could impact our suppliers which in turn could impact the operating results of the Company. Should the outbreak become more widespread, procurement of equipment, spare parts and supplies may be impacted. The normal operation and maintenance of the Company's assets may be halted or delayed and negatively impact the business, financial condition and results of operations of the Company.

The Company is also exposed to liquidity and various counterparty risks, including, but not limited to: (i) financial institutions that hold the Company's cash and cash equivalents; (ii) companies that have payables to the Company; (iii) the Company's insurance providers; (iv) the Company's lenders; (v) the Company's other banking counterparties; and (vi) companies that have received deposits from the Company for the future delivery of equipment and/or other operational inputs. The Company is also exposed to liquidity risks in meeting its capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favorable to the Company. As a result of this uncertainty, the Company's planned growth could either be adversely or positively impacted and the trading price of the Company's securities could either be adversely or positively affected.

Gold Price Volatility

The profitability of the Company's operations may be significantly affected by changes in the market price of gold. The economics of developing gold are affected by many factors, including the cost of operations, variations in the grade of ore mined and the price of gold. Depending on the price of gold, the Company may determine that it is impractical to commence or continue commercial production.

The price of gold fluctuates widely and is affected by numerous industry factors beyond the Company's control, such as the demand for precious metals, forward selling by producers and central bank sales and purchases of gold. Gold price is also affected by macro-economic factors, such as expectations for inflation, interest rates, the world supply of mineral commodities, the stability of currency exchange rates and global or regional political and economic situations. Such external economic factors are in turn influenced by changes in international

investment patterns, monetary systems and political systems and developments. The price of gold has fluctuated widely in recent years, and future serious price declines could cause commercial production to be uneconomic.

Any significant drop in the price of gold adversely impacts the Company's revenues, profitability and cash flows. In addition, sustained low gold price may:

- (a) reduce production revenues as a result of cutbacks caused by the cessation of mining operations involving deposits or portions of deposits that have become uneconomic at the prevailing price of gold;
- (b) cause the cessation or deferral of new mining projects;
- (c) decrease the amount of capital available for exploration activities;
- (d) reduce existing reserves by removing ore from reserves that cannot be economically mined at prevailing prices; or
- (e) cause the write-off of an asset whose value is impaired by the low price of gold.

There can be no assurance that the price of gold will remain stable or that such prices will be at a level that will prove feasible to begin development of its properties, or commence or continue commercial production, as applicable.

Currency Fluctuations

Currency fluctuations may affect costs at the Company's operations. Gold is sold throughout the world based principally on the US dollar, however, the Company's reporting and functional currencies are the Canadian dollars. Any appreciation of the Canadian dollar against the US dollar could negatively affect the Company's profitability, cash flows and financial position.

Title Matters

The acquisition of title to mining claims and similar property interests is a detailed and time-consuming process. Title to and the area of mining claims and similar property interests may be disputed. The Company has investigated title to all of its material mineral properties and the Company believes that title to all of its material properties are in good standing; however, the foregoing should not be construed as a guarantee of title to those properties. Title to those properties may be affected by undisclosed and undetected defects. For example, certain properties may have been acquired in error from parties who did not possess transferable title, may be subject to prior unregistered agreements or transfers.

Community

The Company's goal at each of its operations is to hire as much as possible of its workforce, including management teams, directly from the local region in which the operation is located. In 2020, 47% of the Company's mine workforce is hired locally. Wesdome believes that providing employment is one of the most significant contributions it can make to the communities in which it operates.

The Company works closely with neighbouring communities to develop alternative employment and business opportunities to help diversify local economies.

Aboriginal Rights and Duty to Consult

The Company operates and does exploration on properties, which are subject to Aboriginal rights or titles. The Company is committed to consult with the Indigenous groups affected by its activities on potential impacts to



Aboriginal rights, titles or claims. Consultation has the potential to cause delays in making decisions or project start-ups. Further, there is no assurance that Indigenous groups will be supportive of the Company's activities following consultation.

With respect to the Eagle River Complex, in 2014, the Company entered into a Memorandum of Understanding (“**MOU**”) with Pic Mobert First Nation and in 2018, an MOU was signed with the Métis Nation of Ontario. An MOU has also been in place previously with Michipicoten First Nation and in 2020, the Company finalized an Exploration Agreement with Batchewana First Nation regarding exploration activities around the Eagle River Complex. On-going dialogue takes place between the Company and affected Indigenous groups.

The Company is advised by the Provincial government as to the specific Indigenous groups the Company is required to consult with regarding its activities.

Mining Risks and Insurance

The business of mining is generally subject to a number of risks and hazards, including environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations, cave-ins, flooding and periodic interruptions due to inclement or hazardous weather conditions at its existing locations in Northern Ontario and Val d'Or, Québec. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

The Company's insurance will not cover all of the potential risks associated with its operations. In addition, although certain risks are insurable, the Company may be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance against environmental risks (including potential for pollution or other hazards as a result of disposal of waste products occurring from exploration and production) is not generally available to the Company or to other companies within the industry on acceptable terms. The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include, without limitation, environmental pollution, mine flooding or other hazards against which such companies cannot insure or against which they may elect not to insure. Losses from uninsured events may cause the Company to incur significant costs.

The activities of the Company are subject to a number of challenges over which the Company has little or no control, but that may delay production and negatively impact the Company's financial results, including: increases in energy, fuel and/or other production costs; higher insurance premiums; industrial accidents; labour disputes; shortages of skilled labour; contractor availability; unusual or unexpected geological or operating conditions; slope failures; cave-ins of underground workings; and failure of pit walls or dams. If the Company's total production costs per ounce of gold rise above the market price of gold and remain so for any sustained period, the Company may experience losses and may curtail or suspend some or all of its exploration, development and mining activities.

Reclamation and Mine Closure Costs

The Company has obtained approval for its closure plans for the Eagle River Mill, Eagle River Mine, the Mishi-Magnum Complex (collectively, “**Eagle River Complex**”) and the Kiena Mine and surrounding properties and has provided financial security to cover estimated rehabilitation and closure costs. In the event of any future expansion or alteration of a mine on Eagle River Complex property or Kiena, Wesdome would likely be required to amend its closure plans which may require the provision of additional security.

The ultimate timing of, and costs for, future removal and site restoration could differ from current estimates. The Company's estimates for this future liability are subject to change based on amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations.



In addition, regulatory authorities in various jurisdictions require Wesdome to post financial assurances to secure, in whole or in part, future reclamation and restoration obligations in such jurisdictions. Changes to the amounts required, as well as the nature of the collateral to be provided, could significantly increase the Company's costs, making the maintenance and development of existing and new mines less economically feasible, and any capital resources Wesdome utilizes for this purpose will reduce the resources available for its other operations and commitments. Although the Company accrues for future closure costs, it does not necessarily fully reserve cash in respect of these obligations or otherwise fund these obligations in advance. As a result, the Company may have significant cash costs when it is required to close and restore mine sites.

Dilution to Common Shares

As of December 31, 2020, there were stock options outstanding to purchase 3,757,621 common shares in the capital of the Company. The common shares issuable under these options, if fully exercised, would constitute approximately 3% of the Company's resulting share capital. The exercise of such options and the subsequent resale of such shares in the public market could affect the prevailing share market price and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional common shares and the Company may grant additional share purchase warrants and stock options.

The issuance of additional common shares from time to time may have a depressive effect on the price of the common shares of the Company. In addition, as a result of such additional common shares, the voting power of the Company's existing shareholders will be diluted.

Share Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price that would have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Additional Funding Requirements

Further exploration on, and development of, the Company's properties, will require additional capital. In addition, a positive production decision on any of the Company's development projects would require significant capital for project engineering and construction. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to either generate sufficient funds internally or to obtain financing through the joint venturing of projects, debt financing, equity financing or other means.

The Company does not have unlimited financial resources and there is no assurance that sufficient additional funding or financing will be available to the Company on acceptable terms, or at all, for further exploration or development of its properties or projects, or to fulfill its obligations under any applicable agreements. Failure to obtain such additional funding or financing could result in the delay or indefinite postponement of the exploration and development of the Company's properties, with the possible dilution or loss of such interests.

Long Term Debt

The Company's ability to make scheduled payments on, or refinance its finance lease obligations, depends on the Company's financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond its control. The Company may be unable to maintain a level of cash flows from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness.



If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, it could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness. The Company may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternatives may not allow the Company to meet its scheduled debt service obligations.

Impairment of Assets

In accordance with IFRS, the Company capitalizes certain expenditures relating to its mineral projects. From time to time, the carrying amounts of mining properties and plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the cash generating unit level.

Events that could, in some circumstances, lead to an impairment include, but are not limited to, changes to gold price or cost assumptions, changes to Mineral Reserve or Mineral Resource grades or the Company's market capitalization being less than the carrying amounts of its mining properties and plant and equipment.

The assessment requires the use of estimates and assumptions such as, but not limited to, long-term gold prices, foreign exchange rates, discount rates, future capital requirements, Mineral Reserve and Mineral Resource estimates, operating performance as well as the definition of cash generating units. It is possible that the actual fair value could be significantly different from those assumptions, and changes in the assumptions will affect the recoverable amount. In the absence of any mitigating valuation factors, the Company's failure to achieve its valuation assumptions or a decline in the fair value of its cash generating units or other assets may, over time, result in impairment charges.

If the Company determines that an asset is impaired, the Company will charge against earnings any difference between the carrying amount of the assets and the estimated fair value less cost to sell those assets. Any such charges could have a material adverse effect on the Company's results of operations.

Reliance on Management

The Company is heavily reliant on the experience and expertise of its executive officers. If any of these individuals should cease to be available to manage the affairs of the Company, its activities and operations could be adversely affected.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities in its search for, and the acquisition of, mineral properties as well as the recruitment and retention of qualified employees with technical skills and experience in the mining industry. There can be no assurance that the Company will be able to compete successfully with others in acquiring mineral properties, obtaining adequate financing, and continuing to attract and retain skilled and experienced employees. Existing or future competition in the mining industry could materially adversely affect the Company's business and prospects for mineral exploration and success in the future.

Skilled Employees

Many of the projects undertaken by the Company rely on the availability of skilled labour and the capital outlays required to employ such labour. The Company employs full and part time employees, contractors and



consultants to assist in executing operations and providing technical guidance. In the event of a skilled labour shortage, various projects of the Company may not become operational due to increased capital outlays associated with labour. Further, a skilled labour shortage could result in operational issues such as production shortfalls and higher mining costs.

Information Systems

Although the Company has not experienced any material losses to date relating to cyberattacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In compliance with the Canadian Securities Administrators' Regulation we have filed certificates signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that, among other things, report on the design of disclosure controls and procedures and the design of internal controls over financial reporting.

Disclosure Controls and Procedures

The CEO and the CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- (i) material information relating to the Corporation has been made known to them; and
- (ii) information required to be disclosed in the Corporation's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

There were no changes made to Wesdome's disclosure controls and procedures in Q4 2020.

Internal Control over Financial Reporting

The CEO and the CFO have also designed internal controls over financial reporting ("ICFR") or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

An evaluation was carried out, under the supervision of the CEO and the CFO and with the help of external consultants, of the design and operating effectiveness of our ICFR. Based on this evaluation, the CEO and the CFO concluded that the internal controls over financial reporting were effectively designed and operating effectively, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") on Internal Control – Integrated Framework (2013 Framework).

Changes in Internal Controls over Financial Reporting

No changes were made to our internal controls over financial reporting that occurred in Q4 2020, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations of Controls and Procedures



The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

RESPONSIBILITY FOR TECHNICAL INFORMATION

The technical and scientific information relating to exploration activities disclosed in this document was prepared under the supervision of and verified and reviewed by Marc-André Pelletier, P. Eng., Chief Operating Officer of Wesdome, and Michael Michaud, P.Geo., Vice President, Exploration of Wesdome, both and a "**Qualified Persons**" as defined in NI 43-101.

Data verification involves data input and review by senior project geologists at site, scheduled weekly and monthly reporting to senior exploration management and the completion of project site visits by senior exploration management to review the status of ongoing project activities and data underlying reported results. All drilling results for exploration projects or supporting resource and reserve estimates referenced in this MD&A have been previously reported in news releases disclosures by the Company, and have been prepared in accordance with NI 43-101 Standards of Disclosure for Mineral Projects. The sampling and assay data from drilling programs are monitored through the implementation of a quality assurance - quality control ("**QA-QC**") program designed to follow industry best practice.

INFORMATION CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

The mineral reserve and resource estimates were prepared in accordance with NI 43-101 as required by Canadian securities regulatory authorities. For United States reporting purposes, the United States Securities and Exchange Commission ("**SEC**") applies different standards in order to classify mineralization as a reserve. In particular, while the terms "measured," "indicated" and "inferred" mineral resources are required pursuant to NI 43-101, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories constitute or will ever be converted into reserves. In addition, "inferred" mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities laws, issuers must not make any disclosure of results of an economic analysis that includes inferred mineral resources, except in rare cases.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical fact, constitute "forward-looking statements" and are based on expectations, estimates and projections as of the date of this MD&A. The words – "believe", "expect", "anticipate", "plan", "intend", "continue", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. The Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Wesdome to be materially different from the Company's estimated future results, performance or achievements expressed or implied by the forward-looking statements and the forward-looking statements are not guarantees of future performance. Factors that could cause results or events to differ materially from current expectations expressed or implied are inherent to the gold mining industry and include, but are not limited to, those discussed in the section entitled "Risks and Uncertainties". The Company does not intend and does not assume any obligation to update these forward-looking statements, whether as a result of new information, future events or results or



otherwise except as required by applicable laws.

RISK FACTORS

Refer to the risk factors described in the Company's 2020 Annual Information Form filed on SEDAR at www.sedar.com.

