WESDOME

WESDOME GOLD MINES LTD.

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

MARCH 31, 2012

WESDOME GOLD MINES LTD.

MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Wesdome Gold Mines Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited, expressed in thousands of Canadian dollars)

	March 31 2012	December 31 2011
Assets		
Current		
Cash	**$ 3,846**	$ 5,215
Receivables (Note 5)	**6,639**	7,337
Inventory (Note 6)	**16,576**	15,271
	27,061	27,823
Restricted funds (Note 7)	**2,055**	2,385
Deferred income taxes	**565**	615
Mining properties and equipment (Note 8)	**91,194**	90,114
Exploration properties (Note 9)	**30,892**	30,886
	$ 151,767	$ 151,823
Liabilities		
Current		
Payables and accruals	**$ 9,131**	$ 8,944
Current portion of obligations under finance leases	**864**	913
Convertible 7% debentures (Note 11)	**10,880**	10,726
	20,875	20,583
Income taxes payable	**22**	22
Obligations under finance leases (Note 10)	**612**	818
Provisions (Note 12)	**1,607**	1,593
	23,116	23,016
Equity		
Equity attributable to owners of the Company		
Capital stock (Note 13)	**122,668**	122,685
Contributed surplus	**2,087**	1,960
Equity component of convertible debentures (Note 11)	**1,970**	1,970
Retained earnings	**1,358**	1,585
	128,083	128,200
Non-controlling interest	**568**	607
Total equity	**128,651**	128,807
	$ 151,767	$ 151,823

Subsequent event (Note 11)

On behalf of the Board:

"Donovan Pollitt"
Director

"Marc Blais"
Director

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited, expressed in thousands of Canadian dollars)

Three months ended March 31	**2012**	2011
Revenue		
Gold and silver bullion	**$ 22,045**	$ 23,594
Operating expenses		
Mining and processing	**19,023**	14,684
Depletion of mining properties	**1,879**	1,868
Production royalties	**230**	210
Corporate and general	**682**	728
Share based compensation	**173**	217
	21,987	17,707
Income from operations	**58**	5,887
Interest and other income	**89**	103
Interest on long term debt	**(376)**	(389)
Other interest (Note 21)	**(15)**	(1,182)
Accretion of decommissioning liability	**(14)**	(15)
Income (loss) before income tax	**(258)**	4,404
Income tax expense (recovery)		
Current	**-**	307
Deferred	**50**	1,643
	50	1,950
Net income (loss)	**(308)**	2,454
Total comprehensive income (loss)	**$ (308)**	$ 2,454
Net income (loss) attributable to:		
Non-controlling interest	**$ (39)**	$ (43)
Owners of the Company	**(269)**	2,497
	$ (308)	$ 2,454
Total comprehensive income (loss) attributable to:		
Non-controlling interest	**$ (39)**	$ (43)
Owners of the Company	**(269)**	2,497
	$ (308)	$ 2,454
Earnings (loss) and comprehensive earnings (loss) per share		
Basic (Note 15)	**$ 0.00**	$ 0.02
Diluted (Note 15)	**$ 0.00**	$ 0.02

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.
Condensed Interim Consolidated Statements of Total Equity

(Unaudited, expressed in thousands of Canadian dollars)

	Capital Stock	Contributed Surplus: Share Based Payments	Contributed Surplus: Share Repurchases	Contributed Surplus: Dilution Gains	Equity Component Convertible Debentures	Retained Earnings (Deficit)	Total Attributable to Owners of the Company	Non-controlling Interest	Total Equity
Balance, December 31, 2010	$ 120,496	$ 1,016	$ 423	$ 428	$ 1,970	$ 2,945	$ 127,278	$ 740	$ 128,018
Net income (loss) for the period ended March 31, 2011	-	-	-	-	-	2,497	2,497	(43)	2,454
Exercise of options	325	-	-	-	-	-	325	10	335
Value attributed to options exercised	137	(137)	-	-	-	-	-	-	-
Share based payments	-	217	-	-	-	-	217	-	217
Dilution of non-controlling interest	-	-	-	5	-	-	5	(5)	-
Dividends	-	-	-	-	-	(2,028)	(2,028)	-	(2,028)
Balance, March 31, 2011	120,958	1,096	423	433	1,970	3,414	128,294	702	128,996
Net income (loss) for the year ended December 31, 2011	-	-	-	-	-	(2,049)	(2,049)	(165)	(2,214)
Exercise of options	1,275	-	-	-	-	-	1,275	150	1,425
Value attributed to options exercised	530	(530)	-	-	-	-	-	-	-
Value attributed to options expired	-	(220)	-	-	-	220	-	-	-
Share based payments	-	718	-	-	-	-	718	-	718
Shares purchased under normal course issuer bid	(78)	-	(40)	-	-	-	(118)	-	(118)
Dilution of non-controlling interest	-	-	-	80	-	-	80	(84)	(4)
Subsidiary capital transactions	-	-	-	-	-	-	-	4	4
Balance, December 31, 2011	122,685	1,064	383	513	1,970	1,585	128,200	607	128,807
Net income (loss) for the period ended March 31, 2012	**-**	**-**	**-**	**-**	**-**	**(269)**	**(269)**	**(39)**	**(308)**
Value attributed to options expired	**-**	**(46)**	**-**	**-**	**-**	**46**	**-**	**-**	**-**
Share based payments	**-**	**173**	**-**	**-**	**-**	**-**	**173**	**-**	**173**
Shares purchased under normal course issuer bid	**(17)**	**-**	**-**	**-**	**-**	**(4)**	**(21)**	**-**	**(21)**
Balance,March 31, 2012	**$ 122,668**	**$ 1,191**	**$ 383**	**$ 513**	**$ 1,970**	**$ 1,358**	**$ 128,083**	**$ 568**	**$ 128,651**

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.
Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, expressed in thousands of Canadian dollars)

Three months ended March 31		2012		2011
Operating activities				
Net income (loss)	**$**	**(308)**	$	2,454
Depletion of mining properties		**1,879**		1,868
Accretion of discount on convertible debentures		**154**		158
Share based compensation		**173**		217
Deferred income taxes		**50**		1,643
Interest paid		**222**		1,009
Accretion of decommissioning liability		**14**		15
		2,184		7,364
Net changes in non-cash working capital (Note 19)		**(413)**		128
		1,771		7,492
Financing activities				
Exercise of options		**-**		325
Shares issued by a subsidiary of the Company to third parties		**-**		10
Funds paid to repurchase common shares under NCIB		**(21)**		-
Repayment of obligations under finance leases		**(255)**		(342)
Interest paid		**(222)**		(1,009)
		(498)		(1,016)
Investing activities				
Additions to mining and exploration properties		**(2,965)**		(3,846)
Funds held against standby letters of credit		**330**		(104)
		(2,635)		(3,950)
Net changes in non-cash working capital (Note 19)		**(7)**		408
		(2,642)		(3,542)
Increase (decrease) in cash		**(1,369)**		2,934
Cash, beginning of period		**5,215**		22,806
Cash, end of period	**$**	**3,846**	$	25,740

Supplemental disclosure (Note 19)

See accompanying notes to the condensed interim consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Wesdome Gold Mines Ltd. ("Wesdome Ltd." or "the Company") is a gold producer engaged in gold mining and related activities including exploration, extraction, processing and reclamation. The Company's principal assets include the Eagle River mine, the Mishi mine and the Eagle River mill located near Wawa, Ontario and the Kiena mining and milling complex and exploration properties located in Val D'Or, Quebec. The Company is a publicly traded company, continued under Part 1A of the Companies Act (Quebec) and its common shares are listed on the Toronto Stock Exchange (TSX : WDO). Wesdome's head office is located at 8 King Street East, Suite 1305, Toronto, ON, M5C 1B5.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements have been prepared on a historical cost basis and in compliance with IAS 34 – "*Interim Financial Reporting"*. Certain information and disclosure normally required to be included in notes to annual consolidated financial statements have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2011 and the notes thereto.

These condensed interim consolidated financial statements are presented in Canadian dollars ("Cdn $"), which is also the functional currency of the Company.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 10, 2012.

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's condensed interim consolidated 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 condensed interim 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.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(i) Reserves

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 and 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 unit-of-production method ("UOP") 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 and measured and indicated resources.

Mobile and other equipment is depreciated, net of residual value over the useful life of the equipment but does not exceed the related estimated life of the mine based on proven and probable reserves and measured and indicated resources.

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 at 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. The actual future expenditures may differ from the amounts currently provided.

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(iv) Share-based payments

The determination of the fair value of share-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. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates, 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) Deferred taxes

Preparation of the condensed interim consolidated financial statements requires an estimate of income taxes in each of the jurisdictions in which the Company operates. The process involves an estimate of the Company's current tax exposure and an assessment of temporary differences resulting from differing treatment of items, such as depreciation and depletion, for tax and accounting purposes. These differences result in deferred tax assets and liabilities that are included in the Company's condensed interim consolidated statements of financial position.

An assessment is also made to determine the likelihood that the Company's deferred tax assets will be recovered from future taxable income.

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 the life-of-mine plans in its assessments of economic recoverability and probability of future economic benefit. Life-of-mine plans provide an economic model to support the economic extraction of reserves and resources. A long-term life-of-mine plan and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(vii) 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.

(viii) Equity component of convertible debentures

The convertible debentures are classified as liabilities, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the liability being less than its face value. The discount is being accreted over the term of the debentures, utilizing the effective interest method which approximates the market rate at the date the debentures were issued. Management uses its judgment to determine an interest rate that would have been applicable to non-convertible debt at the time the debentures were issued.

4. UPCOMING CHANGES IN ACCOUNTING STANDARDS

IFRS 9 – Financial Instruments: Classification and Measurement

In November, 2009, the IASB issued IFRS 9 which proposes to replace IAS 39. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets – amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available for sale and loans and receivable categories.

This standard is effective for the Company's annual year end beginning January 1, 2015. The Company will evaluate the impact of the change to its condensed interim consolidated financial statements based on the characteristics of its financial instruments at the time of adoption.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. IFRS 10 is required to be applied for annual periods beginning January 1, 2013.

IFRS 11 – Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers. IFRS 11 is required to be applied for annual periods beginning January 1, 2013.

4. UPCOMING CHANGES IN ACCOUNTING STANDARDS (continued)

IFRS 12 – Disclosure of Interests in Other Entities
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. IFRS 12 is required to be applied for annual periods beginning January 1, 2013.

IFRS 13 – Fair Value Measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 is required to be applied for annual periods beginning January 1, 2013.

Management has yet to assess the impact that IFRS 10, IFRS 11, IFRS 12 and IFRS 13 would have on the financial statements of the Company.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
In October, 2011, the IASB issued IFRIC 20 "*Stripping Costs in the Production Phase of a Surface Mine*". IFRIC 20 provides guidance on the accounting for costs of stripping activity in the production phase of surface mining when two benefits accrue to the entity from the stripping activity: useable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. IFRIC 20 is required to be applied starting January 1, 2013 with early adoption permitted. The Company is currently assessing the impact of adopting IFRIC 20 on our consolidated financial statements.

Amendments to Other Standards
In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13. The Company is currently in the process of analyzing the impact of these amendments on the condensed interim consolidated financial statements.

The IASB is expected to publish new IFRSs on the following topics during the first half of 2012. The Company will assess the impact of these new standards on the Company's operations as they are published:

- IAS 17 Leases
- IAS 18 Revenue Recognition

(Unaudited, expressed in thousands of Canadian dollars)

5. RECEIVABLES

	March 31 2012	December 31 2011
Mining duties refunds and tax credits	**$ 1,012**	$ 1,012
Goods and services tax	**4,421**	4,365
Prepaids	**568**	550
Refund due from Commission de la santé et de la securitie du travail	**-**	794
Deposits	**158**	158
Other	**480**	458
	$ 6,639	$ 7,337

6. INVENTORY

	March 31 2012	December 31 2011
Gold bullion	**$ 13,608**	$ 12,469
Supplies	**2,968**	2,802
	$ 16,576	$ 15,271

7. RESTRICTED FUNDS

	March 31 2012	December 31 2011
Relating to mine closure plans (see Note 12)	**$ 1,640**	$ 1,635
Relating to hydro deposit	**415**	415
Relating to finance leases	**-**	335
	$ 2,055	$ 2,385

Funds are being held in Guaranteed Investment Certificates at interest rates ranging from 0.89 to 0.95% (2011: 0.89% to 0.95%) maturing to January 2013.

8. MINING PROPERTIES AND EQUIPMENT

Gross Carrying Amount	Eagle River Complex	Kiena Mine Complex	Total
Balance, December 31, 2010	$ 35,206	$ 79,675	$ 114,881
Additions	10,288	9,326	19,614
Disposals	(575)	(110)	(685)
Change in decommissioning provision	22	(69)	(47)
Balance, December 31, 2011	44,941	88,822	133,763
Additions	**1,367**	**1,627**	**2,994**
Balance, March 31, 2012	**$ 46,308**	**$ 90,449**	**$ 136,757**

(Unaudited, expressed in thousands of Canadian dollars)

8. MINING PROPERTIES AND EQUIPMENT (continued)

Accumulated Depletion	Eagle River Complex	Kiena Mine Complex	Total
Balance, December 31, 2010	(13,269)	(23,925)	(37,194)
Depletion	(2,657)	(3,798)	(6,455)
Balance, December 31, 2011	$ (15,926)	$ (27,723)	$ (43,649)
Depletion	**(1,098)**	**(816)**	**(1,914)**
Balance, March 31, 2012	**$ (17,024)**	**$ (28,539)**	**$ (45,563)**
Carrying Amount, December 31, 2010	$ 21,937	$ 55,750	$ 77,687
Carrying Amount, December 31, 2011	$ 29,015	$ 61,099	$ 90,114
Carrying Amount, March 31, 2012	**$ 29,284**	**$ 61,910**	**$ 91,194**

Eagle River Complex

The Eagle River mine complex consists of the Eagle River mine, the Mishi mine and the Eagle River mill and all related infrastructure and equipment.

The Eagle River mine is subject to a 2% net smelter return royalty payable to the original vendors of the property.

The Mishi mine is subject to royalty payments of $1 per tonne for open pit mining and $2 per tonne for underground mining in respect of ore mined and milled from the underlying claims in excess of 700,000 tonnes.

Kiena Mine Complex – Wesdome Group

The Kiena mine complex consists of the Kiena mine concession, Kiena mill, related infrastructure and equipment and 165 mining claims in the Township of Dubuisson, Quebec.

9. EXPLORATION PROPERTIES

	Wesdome Group	Moss Lake	Magnacon	Other	Total
Balance, December 31, 2010	$ 24,790	$ 2,989	$ 2,033	$ 950	$ 30,762
Exploration expenditures	3	120	1	-	124
Balance, December 31, 2011	24,793	3,109	2,034	950	30,886
Exploration expenditures	**-**	**6**	**-**	**-**	**6**
Balance, March 31, 2012	**$ 24,793**	**$ 3,115**	**$ 2,034**	**$ 950**	**$ 30,892**

The Wesdome Group Properties

The Wesdome Group Properties include the Wesdome, Shawkey, Siscoe and Siscoe-Extension, Mine École, Lamothe, Lamothe-Extension, Yankee Clipper and Callahan properties. These properties, in conjunction with the mining property Kiena mine complex, are contiguous and are integrated into the Company's long term strategy of progressive exploration and development from a central infrastructure.

9. EXPLORATION PROPERTIES (continued)

Wesdome property
The Company has a 100% interest in this property which consists of 51 claims totalling 2,003 acres and is located under de Montigny Lake in Vassan and Dubuisson Townships, Quebec and is contiguous to the Kiena mine complex. The property is subject to a 1% net smelter royalty.

Shawkey properties
The Company has a 100% interest in the Shawkey and the Shawkey South properties, which are contiguous to the Kiena mine complex and consist of four mining concessions and three mining claims, respectively, in Dubuisson Township, Quebec.

Siscoe and Siscoe-Extension properties
The Siscoe property is located in Dubuisson and Vassan Townships, Quebec and consists of two mining concessions. The Siscoe-Extension property consists of 13 contiguous claims. These properties are contiguous to the Kiena mine complex.

The Company owns a 100% interest in the Siscoe property and a 75% interest in the Siscoe-Extension property. The original vendor of these properties retains a 3% net smelter return royalty of which 1% can be purchased for $500,000.

Mine École property
The Mine École property is located in Dubuisson Township and consists of 23 claims located southeast and contiguous to the Shawkey property.

Other properties
Other properties consist of interests in the Lamothe, Lamothe-Extension, Yankee Clipper and Callahan properties which are contiguous to the Wesdome property.

The Lamothe and Callahan properties are subject to a 1% net smelter royalty and 8 of the 10 claims comprising the Yankee Clipper property are subject to a 2% net profits royalty.

Moss Lake Properties
The Moss Lake property is owned by Moss Lake Gold Mines Ltd. (“MLGM”) which is obligated to pay underlying advance royalties of $5,469 per quarter to the vendors of the Moss Lake property until commercial production is achieved. Upon commencement of commercial production, the property is subject to an 8.75% net profits royalty, as defined, to these underlying vendors in lieu of the underlying advance royalty.

MLGM owns a 100% interest in the Fountain Lake property which consists of 149 mining claims contiguous to the Moss Lake property to the east, west and south. This property is subject to a 2.5% net smelter return royalty payable to certain original vendors of the property. This royalty is subject to a buyback clause whereby the royalty may be reduced to a 1.5% net smelter return for consideration of $1.0 million.

(Unaudited, expressed in thousands of Canadian dollars)

9. EXPLORATION PROPERTIES (continued)

Magnacon Properties
In 2000, the Company acquired a 75% joint venture interest in the Magnacon properties located adjacent to the Eagle River mill and entered into a joint venture agreement with the two companies holding the remaining 25% interest. Subsequently, the joint venture partners' interest was reduced to approximately 22.72%. In June 2009, the Company purchased the joint venture partners' interest for $750,000 and an additional 1% net smelter royalty. The Company owns 100% of the Magnacon properties which are subject to net smelter royalties of 1.5% on the Magnacon property and 2% on the adjacent property.

Other Properties
In June 2009, the Company entered into an exploration and option agreement to earn up to a 60% interest in the Pukaskwa claims. By spending or causing to be spent $1.5 million before June 30, 2012, the Company shall have earned a 30% undivided working interest in the claims. By spending or causing to be spent another $1.5 million before June 30, 2014, the Company shall have earned a further 30% undivided working interest in the claims. The Company paid $25,000 to the owner upon closing. The Pukaskwa property is located 15 kilometres west of the Eagle River Mill.

10. OBLIGATIONS UNDER FINANCE LEASES

The Company leases, with options to purchase, certain mining equipment. Future minimum payments under finance leases, together with the balance of the obligations under finance leases are as follows:

	March 31 2012	December 31 2011
Not later than one year	**$ 761**	$ 997
Later than one year and not later than five years	**799**	854
Total minimum lease payments	**1,560**	1,851
Less: Interest portion at the weighted average of 6.63% (2011: 6.68%)	**84**	120
Total obligations under capital leases, secured by equipment	**1,476**	1,731
Less: Current portion	**864**	913
Long term portion	**$ 612**	$ 818

The cost of equipment under finance leases at March 31, 2012 is $3,348,000 (2011: $4,491,000) with related accumulated depreciation of $934,000 (2011: $876,000). These assets are included in mining properties.

(Unaudited, expressed in thousands of Canadian dollars)

11. CONVERTIBLE 7% DEBENTURES

The following table summarizes the changes in the liability and equity components of the convertible debentures during the three months ended March 31, 2012, and year ended December 31, 2011.

Liability component	**March 31 2012**	December 31 2011
Balance, beginning of period	**$ 10,726**	$ 10,072
Accretion	**154**	654
Balance, end of period	**$ 10,880**	$ 10,726

Equity component	**March 31 2012**	December 31 2011
Balance, beginning of period	**$ 1,970**	$ 1,970
Balance, end of period	**$ 1,970**	$ 1,970

On May 30, 2007, the Company completed a private placement of senior unsubordinated convertible debentures in the amount of $11,539,000. The debentures are convertible into common shares of the Company at $3.25 per common share until the maturity date of May 31, 2012.

The liability component of the debentures was calculated, at the date of issuance, as the present value of the principal and interest, discounted at 12%, a rate approximating the interest rate that would have been applicable to non-convertible debt at the time the loan was issued. The liability component is recorded at amortized cost and accreted to the principal amount over the term of the convertible debentures by charges to interest expenses using an effective interest rate of 13.92%.

At March 31, 2012, and December 31, 2011, the face value of debentures available for conversion at $3.25 totalled $10,931,000.

On April 30, 2012, the Company announced a proposed $7,000,000 non-brokered private placement of convertible debentures. The term of the debentures will be 5 years from the expected closing date of May 18, 2012, bearing interest at 7% per annum payable semi-annually, convertible into common shares of the Company at $2.50 per common share. The net proceeds of the new convertible debentures will be used towards the redemption of the existing convertible debentures maturing on May 31, 2012.

(Unaudited, expressed in thousands of Canadian dollars)

12. PROVISIONS

The Company is committed to a program of environmental protection at its operating mines, development projects and exploration sites. Management believes that it was in compliance with government regulations in 2012 and 2011. The Eagle River ore and waste rocks are not acid generating which minimizes the environmental risks of mining. Although the ultimate amount of decommissioning costs is uncertain, the Company estimates its future decommissioning costs for the Eagle River mine, Mishi mine and the mill to be about $0.9 million and the Kiena mining and milling complex to be about $1.0 million. The Company has provided $1.6 million standby letters of credit to be held against these future environmental obligations.

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of mining properties:

Balance, December 31, 2010	$ 1,574
Accretion expense	66
Change in decommissioning provision	(47)
Balance, December 31, 2011	1,593
Accretion expense	**14**
Balance, March 31, 2012	**$ 1,607**

As a result of increased activity at the Eagle River Mishi mine, the Company was required to increase its decommissioning provision. The decommissioning provision is based on current reserve estimates, forecasted production and estimated future cash flows underlying the obligation. The risk adjusted interest rate employed was 3.36% (2011: 3.36%). The obligation will be accreted to $1.9 million (2011: $1.9 million) over the next 5 to 6 years.

13. CAPITAL STOCK

Authorized:
The authorized capital of the Company consists of an unlimited number of common shares without par value.

	Shares	Amount
Issued:		
Balance, December 31, 2010	101,176,159	$ 120,496
Exercise of options	797,000	1,600
Value attributed to options exercised	-	667
Shares purchased under NCIB	(65,000)	(78)
Balance, December 31, 2011	101,908,159	$ 122,685
Shares purchased under NCIB	**(14,500)**	**(17)**
Balance, March 31, 2012	**101,893,659**	**$ 122,668**

(Unaudited, expressed in thousands of Canadian dollars)

13. CAPITAL STOCK (continued)

On July 12, 2010, the Company received approval from the TSX for a Normal Course Issuer Bid (“NCIB”). The bid allowed the Company to purchase on the open market up to 6,681,620 of its common shares for cancellation over a period of one year to end on July 13, 2011. During the period July 12, 2010 to July 13, 2011, the Company repurchased for cancellation a total of 37,800 common shares with a carrying value of $43,000 for total cash consideration of $96,100. When the cash cost is less than the carrying amount the difference is charged to contributed surplus; when it is greater it is charged to contributed surplus to the extent there is a balance related to share repurchases, with any remainder charged to retained earnings.

On August 5, 2011, the Company received approval from the TSX for another NCIB. The bid allows the Company to purchase, on the open market, up to 9,999,409 of its common shares for cancellation over a period of one year to end on August 7, 2012. Purchases will be subject to a daily maximum of 28,997 shares. To date the Company has purchased for cancellation a total of 71,700 common shares with a carrying value of $86,000 for total cash consideration of $121,000.

14. COMMON SHARE PURCHASE PLAN

The Company has an equity settled common share purchase plan under which the Board of Directors may grant options to purchase common shares to qualified directors, officers, employees and consultants providing on-going services to the Company or any subsidiary of the Company. All options granted have a five year life with vesting periods based on the size of the option grant and at prices equal to the closing price for the day immediately preceding the date the options were granted. The maximum aggregate number of common shares under option at any time pursuant to the Plan is set at 5,000,000 of which 3,172,000 are available to be issued.

The following table reflects the continuity for the three months ended March 31, 2012, and year ended December 31, 2011 of options granted under the plan.

	Options		Weighted Average Exercise Price	
	2012	2011	**2012**	2011
			$	$
Outstanding, beginning of period	**1,730,500**	1,772,000	**2.25**	1.91
Granted	**135,000**	940,000	**1.54**	2.67
Exercised	**-**	(797,000)	**-**	2.01
Expired	**(37,500)**	(184,500)	**2.24**	2.23
Outstanding, end of period	**1,828,000**	1,730,500	**2.19**	2.25

(Unaudited, expressed in thousands of Canadian dollars)

14. COMMON SHARE PURCHASE PLAN (continued)

	Outstanding Options			Exercisable Options	
Range of exercise prices	Number outstanding	Weighted average remaining life	Weighted average exercise price	Number exercisable	Weighted average exercise price
		(years)	$		$
less than $1.00	18,000	1.68	0.75	10,000	0.75
$1.00 - $1.50	160,000	3.37	1.41	70,000	1.36
$1.51 - $2.00	610,000	1.29	1.60	570,000	1.58
$2.01 - $2.50	275,000	3.68	2.41	177,000	2.41
$2.51 - $3.00	765,000	3.96	2.79	290,000	2.74
	1,828,000	2.95	2.19	1,117,000	1.99

The fair value of the options granted was estimated on the date of grant using the Black-Scholes option pricing model. For the three months ended March 31, 2012, and the year ended December 31, 2011, grant date fair value indicated was based on the following factors:

	2012	2011
Weighted average fair value, per option ($)	**0.88**	1.51
Weighted average risk-free interest rate (%)	**1.18**	2.83
Weighted average volatility (%)	**66.01**	66.86
Expected life (years)	**5.0**	5.0
Dividend yield (%)	**0.0**	0.7

The estimated fair value of the options granted is expensed over the vesting period. The fair value compensation and contributed surplus relating to stock options was $230,000 (2011: $217,000). The average fair value of the common shares during the three month period was $1.81 (2011: $2.70).

15. EARNINGS PER SHARE AND DIVIDENDS

Basic earnings per share (“EPS”) is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the treasury method of calculating the weighted average number of common shares outstanding, except the if-converted method is used in assessing the dilution impact of convertible notes. The treasury method, which assumes that outstanding stock options with an average exercise price below the market price of the underlying shares, are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average price of the common shares for the period. The if-converted method assumes that all convertible notes have been converted in determining diluted EPS if they are in-the-money except where such conversion would be anti-dilutive.

(Unaudited, expressed in thousands of Canadian dollars)

15. EARNINGS PER SHARE AND DIVIDENDS (continued)

	March 31 2012	March 31 2011
Income available to common shareholders	**$ (269)**	$ 2,454
Weighted average number of shares, basic	**101,907,027**	101,279,745
Dilutive securities		
Options	**119,997**	467,315
Convertible debentures	**-**	-
Weighted average number of shares, diluted	**102,027,024**	101,747,060
Basic earnings per share	**$ 0.00**	$ 0.02
Diluted earnings per share	**$ 0.00**	$ 0.02
Number of shares excluded from diluted earnings per share calculation due to anti-dilutive effect:		
Options	**1,150,000**	215,000
Convertible debentures	**3,363,385**	3,363,385

Dividends
On April 29, 2011, Wesdome Ltd.'s Board of Directors paid a dividend of $0.02 per share on the Company's outstanding common shares to shareholders of record on the close of business on April 15, 2011 in the amount of $2,028,000.

16. EMPLOYEE BENEFITS

	March 31 2012	March 31 2011
Salaries and short-term employee benefits	**$ 8,775**	$ 8,624
Post employment benefits	**174**	166
	8,949	8,790
Share-based compensation	**173**	217
	$ 9,122	$ 9,007

	March 31 2012	March 31 2011
Salaries and employee benefits expensed to mining and processing expenses	**$ 8,025**	$ 8,006
Salaries and employee benefits capitalized	**1,097**	1,001
	$ 9,122	$ 9,007

(Unaudited, expressed in thousands of Canadian dollars)

17. RELATED PARTY INFORMATION

Key management of the Company are its Board of Directors and members of executive management. Key management personnel remuneration includes the following expenses:

	March 31 2012	March 31 2011
Salaries and short-term employee benefits	**$ 321**	$ 298
Post employment benefits	**12**	8
Fair value of share-based compensation	**126**	62
	$ 459	$ 368

In fiscal 2012, the Company paid $15,500 in director's fees (2011: $6,600) to companies whose managing partners are directors of the Company.

18. FINANCIAL INSTRUMENTS – DISCLOSURES AND PRESENTATION

Financial instruments disclosures requires 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.

Financial Instruments – Fair Values
Following is a table which sets out the fair values of recognized financial instruments using the valuation methods and assumptions described below:

	March 31, 2012		December 31,2011	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Liabilities				
Other financial liabilities:				
Convertible 7% debentures	**$ 10,880**	**$ 10,932**	$ 10,726	$ 11,040

Determination of Fair Value
The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between willing parties. The Company uses the following methods and assumptions to estimate fair value of each class of financial instruments for which carrying amounts are included in the consolidated statements of financial position as follows:

Cash and restricted funds – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Receivables – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

18. FINANCIAL INSTRUMENTS – DISCLOSURES AND PRESENTATION (continued)

Other financial liabilities – Payables and accruals and the convertible 7% debentures are carried at amortized cost. The carrying amount of payables and accruals approximates fair value due to the short maturity of these financial instruments. The fair value of the convertible 7% debentures is based on the quoted market price.

The fair value hierarchy for financial instruments measured at fair value is Level 1 for marketable securities. The Company does not have Level 2 or Level 3 inputs.

Financial Risk Management
The Company is exposed to a number of different risks arising from normal course business exposures, as well as the Company's use of financial instruments. These risk factors include: (1) market risks relating to commodity prices, foreign currency risk and interest rate risk; (2) liquidity risk; and, (3) credit risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and establishes and monitors risk management policies to: identify and analyze the risks faced by the Company; to set appropriate risk limits and controls; and to monitor risks and adherence to market conditions and the Company's activities.

1) Market Risk
Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The market price movements that could adversely affect the value of the Company's financial assets and liabilities include commodity price risk, foreign currency exchange risk and interest rate risk.

(a) Commodity price risk
The Company's financial performance is closely linked to the price of gold which is impacted by world economic events that dictate the levels of supply and demand. The Company had no gold price hedge contracts in place as at or during the three months ended March 31, 2012.

(b) Foreign currency exchange risk
The Company's revenue is exposed to changes in foreign exchange rates as the Company's primary product, gold, is priced in U.S. dollars. The Company had no forward exchange rate contracts in place and no foreign currency holdings as at or during the three months ended March 31, 2012.

(c) Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash includes highly liquid investments that earn interest at market rates and interest paid on the Company's convertible debentures is based on a fixed interest rate. Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

18. FINANCIAL INSTRUMENTS – DISCLOSURES AND PRESENTATION (continued)

2) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company believes it has access to sufficient capital through internally generated cash flows and equity and debt capital markets. Senior management is also actively involved in the review and approval of planned expenditures.

The following table shows the timing of cash outflows relating to payables and accruals, finance leases and convertible debentures:

March 31, 2012

(in thousands)	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables & accruals	**$ 9,131**	**-**	**-**	**-**
Finance leases	**$ 761**	**$ 799**	**-**	**-**
Convertible debentures	**$11,377**	**-**	**-**	**-**

December 31, 2011

(in thousands)	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables & accruals	$ 8,944	-	-	-
Finance leases	$ 997	$ 854	-	-
Convertible debentures	$11,377	-	-	-

3) Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company minimizes its credit risk by selling its gold exclusively to financial institutions with forty-eight hour terms of settlement. The Company's receivables consist primarily of government refunds and credits. The Company estimates its maximum exposure to be the carrying value of cash, receivables and funds held against standby letters of credit.

The Company manages credit risk by maintaining bank accounts with Schedule 1 Canadian banks and investing only in Guaranteed Investment Certificates. The Company's cash is not subject to any external limitations.

(Unaudited, expressed in thousands of Canadian dollars)

19. SUPPLEMENTAL CASH FLOW INFORMATION

	March 31 2012	March 31 2011
Net changes in non-cash working capital		
Operating activities		
Receivables	**$ 709**	$ 1,060
Payables and accruals	**150**	1,272
Gold inventory	**(1,139)**	(2,131)
Supplies and other	**(133)**	(73)
	$ (413)	$ 128
Investing activities		
Receivables	**$ (11)**	$ (317)
Payables and accruals	**37**	743
Supplies and other	**(33)**	(18)
	$ (7)	$ 408

Non-cash transactions:

Recognition of fair value of stock options and warrants exercised transferred to share capital (Note 13)	**$ -**	$ 137
Revision to asset retirement obligation (Note 12)	**$ -**	$ 98

20. INDEMNITIES

The Company has agreed to indemnify its directors and officers, and certain of its employees in accordance with the Company's by-laws. The Company maintains insurance policies that may provide coverage against certain claims.

21. OTHER INTEREST

During 2011, the Company received reassessments relating to previous periods which resulted in a partial repayment of resource tax credits, including an assessment of interest relating to amounts reassessed. The Company is appealing these reassessments and pursuing a full refund of the amount paid, with respect to both tax credits and interest paid.

(Unaudited, expressed in thousands of Canadian dollars)

22. CAPITAL RISK MANAGEMENT

The Company's objectives of capital management are intended to safeguard its ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of items included in equity net of cash:

	March 31 2012	December 31 2011
Total equity	**$ 128,697**	$ 128,807
Cash	**(3,846)**	(5,215)
Capital	**$ 124,851**	$ 123,592

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust its capital structure, the Company may issue new shares, issue new debt or issue new debt to replace existing debt with different characteristics.

There is no restriction on the ability of the Company to pay dividends other than cash flow considerations. The Company paid dividends of $0.02 per share on April 29, 2011. Dividend payments in the future will depend on the Company's ability to generate earnings.

To effectively manage its capital investments, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has sufficient liquidity to meet its operating and growth objectives.

The Company expects its current capital resources and projected cash flow from continuing operations to support further exploration and development of its mineral properties

Neither the Company nor its subsidiaries are subject to any externally imposed capital requirements such as loan covenants or capital ratios.

There were no changes to the Company's approach to capital management during the current period.