WESDOME

WESDOME GOLD MINES LTD.

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2015

TABLE OF CONTENTS

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") unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2015, and their related notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All dollar amounts stated in this MD&A are denominated in Canadian dollars unless otherwise indicated. The discussion and analysis within this MD&A are effective as of November 5, 2015.

This document contains forward-looking statements and forward looking information. Please refer to the cautionary language under "Forward-looking Information" on page 19 of this MD&A.

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

Abbreviation	*Period*	*Abbreviation*	*Period*
Q4 2014	*October 1, 2014 – December 31, 2014*	**Q4 2013**	*October 1, 2013 – December 31, 2013*
Q1 2015	*January 1, 2015 – March 31, 2015*	**Q1 2014**	*January 1, 2014 – March 31, 2014*
Q2 2015	*April 1, 2015 – June 30, 2015*	**Q2 2014**	*April 1, 2014 – June 30, 2014*
Q3 2015	*July 1, 2015 – September 30, 2015*	**Q3 2014**	*July 1, 2014 – September 30, 2014*

The Company uses non-IFRS performance measures which do not have standardized meanings defined by IFRS and may not be comparable to information in other gold producers' reports and filings. These performance measures include mine operating profit, cash costs per ounce of gold sold, cash margin per ounce of gold sold, average realized price per ounce of gold sold, production costs per ounce, all-in sustaining costs per ounce of gold, operating cash flow per share, free cash flow, and free cash flow per share. The Company has included these non-IFRS performance measures throughout this document as the Company believes that these generally accepted industry performance measures provide useful indication of the Company's operational performance. 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.

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".

Wesdome is in its 28th year of continuous gold mining operations in Canada employing a profit growth approach. The Company is currently producing from its Eagle River and Mishi gold mines in Wawa, Ontario. Wesdome's corporate goal is to build a profitable, long-life, sustainable gold mining Company with modest capital costs. This strategy has enabled the Company to acquire strategic property and infrastructure assets in two politically stable and historically proven mining camps. Wesdome has two other properties, the Kiena Mine Complex in Val d'Or, Quebec and the Moss Lake gold deposit located 100 kilometres west of Thunder Bay, Ontario. These assets are being explored and evaluated to be developed in the appropriate gold price environment.

The registered and principal office of the Company is located at 8 King Street East, Suite 811, Toronto, Ontario, M5C 1B5. The Company's website is www.wesdome.com.

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.

Q3 2015 HIGHLIGHTS

Combined production of 14,284 ounces of gold up 14% from Q2 2015

- Eagle River Mine produced 44,849 tonnes at a head grade of 7.7 gAu/tonne and a recovery rate of 96.1% to produce 10,637 ounces (7.4 gAu/tonne recovered grade).
- The 300 Zone at Eagle River commenced production, as a result head grades for the month of September increased to 9.0 gAu/tonne.
- Mishi Mine produced 43,336 tonnes at a head grade of 3.0 gAu/tonne with a recovery rate of 88.2% to produce 3,647 ounces (2.6 gAu/tonne recovered grade).

Eagle River Mill throughput increases for fifth consecutive quarter

- Total tonnes processed during the quarter was 88,185 tonnes or 959 tonnes per day (“tpd”) for the quarter. This represents a 6% increase from Q2 2015 (908 tpd) and a 64% increase from Q3 2014 (583 tpd).

Promising exploration and development results at Mishi and Eagle River

- Drilling 300m west of Mishi Mine cut 10.4 gAu/tonne over 18.4m true width at shallow depth. The 2015 drill program is providing the information required to direct and guide future production expansion opportunities.
- Development at the 300 Zone at Eagle River continues to cut very high grades as follows:

  750m Level – 15.2 ⁿ gAu/tonne, 1.7m average width, 51m length
  750m Level – 15.4 ⁿ gAu/tonne, 2.2m average width, 36m length
  872m Level – 20.8 ⁿ gAu/tonne, 1.6m average width, 82m length

  ⁿ High assays conservatively cut to 60 gAu/tonne

Eagle River Complex planned expansion

The Company announced its four year production guidance for years 2016 – 2019. This includes mill expansion to 1,500 tpd, new tailings management facility and related infrastructure and engineering. It is expected to increase gold production to 72,000-80,000 ounces by 2018 with most of the additional ore sourced from the Mishi Mine.

Financial and operating results

- Revenue of $18.2 million on gold sales of 12,408 ounces at an average realized price of $1,467 per ounce.
- Mine operating profit for Q3 2015 was $5.3 million, an increase of 71% compared to Q2 2015 of $3.1 million and a decrease of 24% compared to Q3 2014 of $7.0 million.
- Net loss for Q3 2015 was ($4.3) million or ($0.04) per share, which includes $4.9 million expensing of mill closure obligation at Kiena that was approved by the Quebec government under new legislation relating to dormant mining operations. After adjusting for this one-time non-cash item, the results would have been net income of $0.6 million. The Company believes that at higher gold prices there is value in the Kiena mill and related assets although it has been written down to $Nil; such value to be realized only at the time of a potential transaction.
- Operating cash flow before working capital adjustments and Kiena care and maintenance costs was $4.3 million, a 104% increase over the previous quarter’s results of $2.1 million.
- Free cash flow after adjusting for Kiena care and maintenance costs for Q3 2015 was $0.3 million or $0.01 per share, an improvement of $2.2 million compared to Q2 2015 of ($1.9) million or ($0.02) per share.
- Production cash costs per ounce were $994 (US$760) per ounce, a decrease of 14% compared to the previous quarter’s figure of $1,161 (US$945) per ounce.
- All-in sustaining costs on a production basis were $1,368 (US$1,045) per ounce, a decrease of 14% (19% in US$) over the previous quarter’s figure of $1,582 (US$1,287) per ounce.
- Cash and cash equivalents of $3.7 million, 4,681 ounces gold bullion in inventory at market price of $6.9 million and working capital of $3.0 million as at September 30, 2015.

Results of Operations

(in $000 except per share)	**Three Months Ended Sept 30** **2015**	2014	**Nine Months Ended Sept 30** **2015**	2014
Financial highlights				
Revenue	**18,199**	22,342	**49,843**	61,519
Mine operating profit [(1)]	**5,253**	6,984	**9,913**	23,069
Net loss (income) [(2)]	**(4,294)**	2,238	**(5,811)**	9,287
Net (loss) income/share	**(0.04)**	0.02	**(0.05)**	0.09
Operating cash flow [(3)]	**3,333**	5,585	**4,902**	19,077
Operating cash flow (adjusted) [(4)]	**4,268**	6,302	**6,988**	20,638
Operating cash flow/share [(1)]	**0.03**	0.05	**0.04**	0.17
Operating cash flow (adjusted)/share [(1,4)]	**0.04**	0.06	**0.06**	0.19
Free cash flow [(1)]	**(626)**	1,156	**(8,455)**	6,897
Free cash flow (adjusted) [(1,4)]	**309**	1,873	**(6,369)**	8,459
Free cash flow/share [(1)]	**(0.01)**	0.01	**(0.08)**	0.06
Free cash flow (adjusted)/share [(1,4)]	**0.00**	0.02	**(0.06)**	0.08
Operational highlights				
Gold produced (oz)	**14,284**	12,456	**36,900**	39,776
Gold sold (oz)	**12,408**	15,878	**33,781**	43,042
Realized gold price (CAD$)	**1,467**	1,407	**1,475**	1,429
Cash cost/oz (CAD$)	**994**	975	**1,147**	936
Cash cost/oz (US$)	**760**	895	**911**	855
AISC[(5)]/oz (CAD$)	**1,368**	1,386	**1,599**	1,319
AISC/oz (US$)	**1,045**	1,273	**1,271**	1,203

Notes:

1. Refer to the section entitled "Non-IFRS Measures" for the reconciliation of these non-IFRS measurements to the Interim Financial Statements
2. Includes a one-time non-cash write-down of $4.9 million related to the Kiena mill decommissioning asset
3. Operating cash flow refers to operating cash flow before working capital adjustments
4. Adjusted for Kiena care and maintenance costs
5. All-in sustaining costs (AISC)

SUBSEQUENT EVENT

- Completed a non-brokered private placement by insiders of the Company on October 20, 2015 by issuing 5 million common shares at $1.00 per common share for gross proceeds of $5 million.

QUARTERLY FINANCIAL AND OPERATIONAL RESULTS

(in $000 except per share amount and unless otherwise stated)	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14	Q4/13
Financial results								
Gold revenue	**18,199**	17,202	14,442	20,922	22,342	16,044	23,133	17,882
Mine operationing profit *	**5,253**	3,103	1,557	5,545	6,984	6,363	9,722	5,768
Net (loss) income	**(4,294)**	(746)	(771)	2,589	2,238	2,878	4,171	(1,782)
Operating cash flow	**3,333**	1,436	133	4,192	5,585	5,264	8,228	2,739
Free cash flow *	**(626)**	(2,547)	(5,282)	88	1,156	1,130	4,611	(429)
Free cash flow (adjusted for Kiena)*	**309**	(1,889)	(4,789)	388	1,873	1,509	5,077	203
Per share information:								
Basic income (loss)	**(0.04)**	(0.01)	(0.01)	0.02	0.02	0.03	0.04	(0.02)
Operating cash flow *	**0.03**	0.01	0.00	0.04	0.05	0.05	0.08	0.03
Free cash flow *	**(0.01)**	(0.02)	(0.05)	0.00	0.01	0.01	0.04	(0.00)
Free cash flow (adjusted for Kiena)*	**0.00**	(0.02)	(0.04)	0.00	0.02	0.01	0.05	0.00
Cash and cash equivalents	**3,705**	4,067	9,929	15,408	10,740	8,253	7,881	5,651
Working capital	**2,977**	3,287	6,605	12,565	13,555	13,579	12,127	8,449
Total assets	**117,704**	117,219	117,914	116,607	109,987	109,897	105,352	103,049
Total non-current financial liabilities	**17,055**	12,131	11,102	11,264	9,955	9,905	9,528	8,810
Operating results								
Milling (tonnes)								
Eagle River Mine	**44,849**	46,340	39,815	27,798	33,377	31,713	30,486	39,766
Mishi Mine	**43,336**	36,313	19,288	31,859	20,249	3,014	12,027	2,788
Total milled	**88,185**	82,653	59,103	59,657	53,626	34,727	42,513	42,554
Total tonnes/calendar day	**959**	908	657	648	583	382	472	463
Recovered head grades (gAu/tonne)								
Eagle River Mine	**7.4**	6.6	7.0	12.5	10.1	13.1	13.0	7.9
Mishi Mine	**2.6**	2.3	2.0	1.8	2.4	2.1	2.5	2.5
Production (ounces)								
Eagle River Mine	**10,637**	9,848	8,903	11,183	10,873	13,386	12,748	15,726
Mishi Mine	**3,647**	2,628	1,237	1,798	1,583	204	982	221
Total gold produced	**14,284**	12,476	10,140	12,981	12,456	13,590	13,730	15,947
Gold sales (ounces)	**12,408**	11,740	9,633	15,188	15,878	11,179	15,985	13,400
Mishi Mine Details								
Ore mined (tonnes)	**46,338**	28,685	17,613	23,449	-	-	-	-
Waste mined (tonnes)	**99,969**	156,615	189,085	84,250	-	-	-	-
Strip ratio	**2.2**	5.5	10.7	3.6	-	-	-	-
Stockpile balance (tonnes)	**13,500**	23,838	10,499	25,513	45,153	66,402	69,416	81,443
Eagle River Complex (per oz performance)								
Per ounce data, sales basis *								
Average realized price	**1,467**	1,465	1,499	1,378	1,407	1,435	1,447	1,334
Mine cash costs	**1,043**	1,201	1,338	1,012	967	866	839	904
Cash margin	**424**	264	161	366	440	569	608	430
All-in sustaining costs	**1,474**	1,648	1,971	1,369	1,290	1,332	1,143	1,234
All-in sustaining costs (US$)	**1,126**	1,340	1,588	1,178	1,184	1,222	1,035	1,175
Per ounce data, production basis *								
Mine cash costs	**994**	1,161	1,345	1,011	975	859	978	746
Mine cash costs (US$)	**760**	945	1,084	869	895	788	885	711
All-in sustaining costs	**1,368**	1,582	1,946	1,428	1,386	1,242	1,331	1,023
All-in sustaining costs (US$)	**1,045**	1,287	1,569	1,229	1,273	1,139	1,205	975

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

RESULTS OF OPERATIONS

Three months ended September 30, 2015

Total gold production for Q3 2015 was 14,284 ounces, which was up 14% from Q2 2015 (12,476 ounces), and up 15% from the Q3 2014 (12,456 ounces). Total gold sales for the quarter were 12,408 ounces, which were up 6% from the previous quarter (11,740 ounces), and down 22% from the same period in 2014 (15,878 ounces). This led to the variances as follows:

- Revenue for Q3 2015 was $18.2 million, an increase of 6% compared to Q2 2015 of $17.2 million, and a decrease of 18% compared to Q3 2014 of $22.3 million. This increase of 6% over Q2 2015 was due to the higher quantity of gold sold (12,408 ounces compared to 11,740 ounces), whereas the decline of 18% from Q3 2014 was due to 22% less gold sold (12,408 ounces compared to 15,878 ounces), slightly offset by a 4% increase in realized gold price. However, on a production basis, gold ounces produced increased in Q3 2015 to 14,284 ounces compared to 12,476 in Q2 2015 and 12,456 ounces in Q3 2014.
- Mine operating profit for Q3 2015 was $5.3 million, an increase of 71% compared to Q2 2015 of $3.1 million and a decrease of 24% compared to Q3 2014 of $7.0 million.
- Net loss for Q3 2015 was ($4.3) million or ($0.04) per share compared to Q2 2015 loss of ($0.7) million or ($0.01) per share and Q3 2014 net income of $2.2 million or $0.02 per share. This net loss for Q3 2015 includes $4.9 million expensing of mill closure obligation at Kiena, which was approved by the Quebec government in Q3 2015 under new legislation relating to dormant mining operations. After adjusting for this one-time non-cash item, the results would have been a net income of $0.6 million. The Company believes that there is value in the Kiena Mill although it has been written down to $Nil; such value to be realized only at the time of a potential transaction.
- Free cash flow adjusted for Kiena care and maintenance costs for Q3 2015 was $0.3 million or $0.00 per share, an improvement of $2.2 million compared to Q2 2015 of ($1.9) million or ($0.02) per share, and a decrease of $1.6 million compared to Q3 2014 of $1.9 million or $0.02 per share.

The Eagle River Mill processed 88,185 tonnes or 959 tpd during Q3 2015. This is a 6% increase from Q2 2015 (908 tpd), and an increase of 64% over the Q3 2014 (583 tpd). Upgrades to the mill along with the implementation of a maintenance program has delivered the fifth consecutive quarter of improvement in the throughput rate.

- 44,849 tonnes of Eagle River ore was processed in Q3 2015 to produce 10,637 ounces at a recovered grade of 7.4 gAu/tonne which was up 12% from Q2 2015 (6.6 gAu/tonne), and down 27% from Q3 2014 (10.1 gAu/tonne). This increase in grade during Q3 2015 is attributed to initial production from the 300 Zone.
- 43,336 tonnes of Mishi ore was processed in Q3 2015 at a recovered grade of 2.6 gAu/tonne to produce 3,647 ounces of gold. The increase in production compared to Q2 2015 of 2,628 ounces can be attributed to a 19% increase in milled tonnage over the previous quarter (36,313) tonnes, as well as a 16% increase in recovered grades over the previous quarter (2.3 gAu/tonne). Investments at the Eagle River Mill have enabled us to increase throughput significantly with Mishi ore.

Cash costs on the production basis were $14.2 million in Q3 2015 decreasing by 2% from $14.5 million in Q2 2015, and up 17% from $12.1 million in Q3 2014. The increase in Q3 2015 over Q3 2014 reflects an increase in tonnage mined and processed from Eagle as well as Mishi.

Unit cash costs on the production basis were $994 per ounce, a decrease of 14% compared to Q2 2015 ($1,161 per ounce), and a 2% increase compared to Q3 2014 ($975 per ounce). This variance is largely attributable to grade variances between quarters.

All-in sustaining costs on the production basis were $1,368 (US$1,045) per ounce, a decrease of 14% compared to Q2 2015 ($1,582; US$1,287 per ounce) and a decrease of 1% compared to Q3 2014 ($1,386; US$1,273 per ounce). This is due mainly to grade variances between quarters.

The following tables provide explanations of the changes to operating results between the quarters identified.

Q3 2015 compared to Q3 2014

(in $000)	**Q3 2015**	**Q3 2014**	**Variance**
Gold and silver bullion revenue (1)	**18,199**	22,342	(4,143)
Mine site operating costs (2)	**12,946**	15,358	2,412
Depletion of mining properties (3)	**1,728**	2,273	545
Production royalties (4)	**305**	345	40
Corporate and general costs (5)	**689**	625	(64)
Share based compensation costs (6)	**154**	99	(55)
Kiena Mine care and maintenance costs (7)	**935**	717	(218)
Kiena Mill decommissioning asset write-down (8)	**4,934**	-	(4,934)
Other items	**378**	(35)	(413)
Deferred tax expense	**424**	722	298
	22,493	20,104	(2,389)
Net (loss) income	**(4,294)**	2,238	(6,532)

Q3 2015 compared to Q2 2015

(in $000)	**Q3 2015**	**Q2 2015**	**Variance**
Gold and silver bullion revenue (9)	**18,199**	17,202	997
Mine site operating costs (2)	**12,946**	14,099	1,153
Depletion of mining properties (3)	**1,728**	1,733	5
Production royalties (4)	**305**	286	(19)
Corporate and general costs (5)	**689**	729	40
Share based compensation costs (6)	**154**	129	(25)
Kiena Mine care and maintenance costs (7)	**935**	658	(277)
Kiena Mill decommissioning asset write-down (8)	**4,934**	-	(4,934)
Other items	**378**	248	(130)
Deferred tax expense	**424**	66	(358)
	22,493	17,948	(4,545)
Net loss	**(4,294)**	(746)	(3,548)

Notes:

(1) Gold sales revenue decreased by $4,143 due to 22% fewer ounces being sold as a result of lower production. This was offset slightly by a 4% increase in the gold price realized per ounce.
(2) Mine site operating costs decreased due to lower sales.
(3) Depreciation and depletion expenses decreased due mainly to increased reserves as at the start of 2015 compared to 2014.
(4) Production royalties decreased/increased due to lower/higher gold sales.
(5) Corporate and general costs increased/decreased slightly due to higher/lower corporate overhead.
(6) Share based compensation costs decreased due to the shortened vesting period of options granted under the new stock option plan, which became effective in January 2014. As a result, the related value of options granted are expensed over a shorter period.
(7) Kiena care and maintenance costs increased due to the additional severance costs.
(8) Write-down of Kiena decommissioning asset due to revised closure plan for the mill under new legislation, which was approved at the end of Q3 2015.
(9) Gold sales revenue increased by $997 due to 6% more ounces being sold.

Nine months ended September 30, 2015

(in $000 except per ounce amount)	Nine months ended September 30 2015	2014	% Variance
Gold and silver bullion revenue ($)	**49,843**	61,519	(19)
Mine operating profit ($)	**9,913**	23,069	(57)
Net (loss) income ($)	**(5,811)**	9,287	(163)
Eagle River ore milled (tonnes)	**131,004**	95,576	37
Eagle River gold produced (ounces)	**29,388**	37,007	(21)
Eagle River recovered grade (g/t)	**7.0**	12.0	(42)
Mishi ore milled (tonnes)	**98,937**	35,290	180
Mishi gold produced (ounces)	**7,512**	2,769	171
Mishi recovered grade (g/t)	**2.4**	2.4	-
Total ore milled (tonnes)	**229,941**	130,866	76
Total gold production (ounces)	**36,900**	39,776	(7)
Total gold sales (ounces)	**33,781**	43,042	(22)
Total production cash costs ($)	**42,329**	37,242	(14)
Unit production cash costs/ounce ($)	**1,147**	936	(23)

Discussion of nine months' results

Revenue declined by 19% in 2015 due to a 22% decline in gold sales which was offset by a 3% increase in average realized price of $1,475 (2014: $1,429). Gold production declined slightly by 7% due to lower grades at Eagle River. This lower grade from 12 gAu/tonne in 2014 to 7 gAu/tonne in 2015, was counteracted by higher mill throughput for both Eagle River and Mishi. In 2015 we have been producing greater volumes of lower grade ore as planned. Accordingly, mine profit decreased 57% in 2015 compared to 2014 due to reduction in revenue and increased unit cash costs per ounce.

The net loss of $(5.8) million included a $4.9 million one-time write-down of the Kiena Mill decommissioning asset as discussed earlier. Net loss would have been $(0.9) million without this write-down. Notwithstanding the reduced grades at Eagle River, the increased throughput in the mill resulted in $4.9 million in cash flow from operations before working capital adjustments.

Eagle River Complex

In Q3 2015, we continued to invest in our future to enhance the economics of operations; $4.3 million was invested at the Eagle River Complex to ensure future growth and profitability.

Progress and improvements continue to be made on the Health and Safety front. Our investment in training continues to deliver, as our operations have had eight consecutive quarters without any lost time incident.

Eagle River Mill

The results of significant investment in mill infrastructure and human resources are being realized through increased mill throughput with mill availability near 85%, up from 76% in 2014 and 66% in 2013. This performance enhances the economics of our operations.

The mill processed 88,185 tonnes or 959 tpd during Q3 2015 showing a progressive increase in throughput over five successive quarters. Our target for the mill is to continue processing an average of 900 tpd for the balance of 2015 with targeted recoveries of 96% for Eagle ore and 88% for Mishi ore.

Eagle River Mine

During Q3 2015, 44,849 tonnes of Eagle River ore were processed at a recovered grade of 7.4 gAu/tonne to produce 10,637 ounces of gold. As anticipated, the Eagle River was in a lower grade mining sequence for the first three quarters of 2015. Accordingly, production was increased from lower grade areas and we rapidly developed the high grade 300 Zone for the second half of 2015 production.

Development highlights in the 300 Zone include (Press Releases, April 8, 2015 and July 21, 2015):

750m Level – 15.2 ⁿ gAu/tonne, 1.7m average width, 51m length
750m Level – 15.4 ⁿ gAu/tonne, 2.2m average width, 36m length
872m Level – 20.8 ⁿ gAu/tonne, 1.6m average width, 82m length

ⁿ High assays conservatively cut to 60 gAu/tonne

Mishi Mine

During Q3 2015, 43,336 tonnes of Mishi ore at a recovered grade of 2.6 gAu/tonne was processed to produce 3,647 ounces of gold. Mishi feed continued to consist of new run of mine ore and we ended the quarter with about one month of stockpiled ore. For the balance of 2015, we are expecting to process at least 450 tpd from the Mishi Pit.

Our estimated cash expenditures per quarter related to mining at Mishi continues to be $1.8 – 2.0 million. Mishi feed is capable of generating 1,000 ounces of gold per month.

The high strip ratio during the early life of the pit is essentially complete. This is expected to significantly increase production and decrease costs going forward.

Preliminary results of the 2015 surface drilling program were released on August 18, 2015. Definition and stepout drilling at 25 metre spacing has now traced continuity of mineralization over a strikelength exceeding 1.0 kilometre.

Highlights of the drilling include the following intersections located 300 metres west of the existing pit (Press Release, August 18, 2015):

Hole MW-65A	10.4 g Au/tonne over 18.4 m true width
Hole MW-66	2.5 g Au/tonne over 14.0 m true width
Hole MW-74	6.4 g Au/tonne over 7.4 m true width

The 2015 drilling is providing the information required to direct and guide future production expansion opportunities and increase resources.

At year end, 2014, Mishi Mine's proven and probable reserves stood at 1,786,000 tonnes at 2.1 gAu/tonne (112,000 contained ounces). Additional Indicated Open Pit resources stood at 3,688,000 tonnes at 2.1 gAu/tonne, or 248,000 contained ounces (Press Release, January 29, 2015).

Kiena and Wesdome Mine Complex

In Val d'Or, the Kiena Mine remains on care and maintenance. The planned exploration program for 2015 involved two drills on surface and results will be announced in the near term.

The 2015 winter drilling program confirmed potential at the S50 East Zone and the Presqu'ile Zone (Press Release, June 25, 2015):

S50 East Highlights:
5.8 g Au/tonne over 12.6m in hole S771
40.6 g Au/tonne over 3.0m in hole S775

Presqu'ile Highlights:
26.9 g Au/tonne over 5.9m in hole S780
89.7 g Au/tonne over 3.1m in hole S783

Work advanced on various potential development scenarios. Additionally, an independent 43-101 technical study on our extensive, contiguous Val d'Or land position is nearing completion. We believe this study will comprehensively summarize our significant resource base, mining and processing infrastructure and outstanding brownfields exploration and development potential.

Moss Lake Property

The Company views Moss Lake as an attractive asset at gold prices above CAD$1,600/oz, and it remains our most significant gold resource and our most significant option on future gold prices and exchange rates. All of the mining claims are kept up to date as the Company continuously monitors the external environment and its internal resources for optimizing this asset.

A 43-101 Preliminary Economic Assessment of the Moss Lake project highlighted its potential to support a bulk mining operation under more favourable gold prices. (www.sedar.com, Moss Lake Gold Mines Ltd, May 23, 2013).

Indicated Resources were independently estimated at 39,700,000 tonnes grading 1.1 g Au/tonne (1,377,300 ounces of gold), with additional Inferred Resources of 50,364,000 tonnes grading 1.1 g Au/tonne (1,751,600 ounces of gold).

FOUR YEAR PRODUCTION GUIDANCE

In September 2015, the Company announced production guidance for years 2016 – 2019 at the Eagle River Complex, consisting of the underground Eagle River mine, the open pit Mishi Mine and the Eagle River Mill. The four-year production guidance is based on a gold price of CAD$1,450/oz.

Over the course of 2016 and 2017, the Company plans on doubling its Mishi Open Pit output in conjunction with further mill upgrades, bringing mill capacity to 1,500 tpd. This expansion is expected to bring Mishi Mine production to approximately 20,000 Au oz/year and is projected to increase overall margins by more than $100 per ounce. Concurrently, the Company plans on constructing a new tailings management facility with an operating life of at least ten years to accommodate higher levels of mill throughput as well as provide a modern facility for tailings management.

The new tailings management facility will be commissioned by the end of 2016 and the mill will be expanded to 1,500 tpd by mid-2017. The increase in mill feed will come primarily from Mishi, and Eagle ounces are expected to increase based on higher grades.

The Eagle River underground mine has three known high grade zones, the 811 Zone, the 300 Zone, and the 7 Zone. In 2016-2017, two high grade zones, the 300 Zone and the 811 will be in full production. In 2017, the Company will also begin development of the high grade 7 Zone, with stope production in the second half of that year. All three high grade zones will be in full production from 2018 onwards. These high grade zones are open at depth and along strike and will be aggressively explored by the Company.

Highlights are as follows:

Estimates	2016	2017	2018	2019
Total Gold Recovered Ounces	54,000 – 60,000	63,000 – 70,000	74,000 – 82,000	72,000 – 80,000
Mill Processing Rate (tpd)	980	1,180	1,380	1,380
Operating Costs per Ounce	$1,070-$1,190	$900-$1000	$775-$860	$795-$880
Operating Cash flow	$10-19 Million	$25-$35 Million	$41-52 Million	$38-49 Million
Head Grades (grams Au/tonne)	Eagle: 8.0 – 9.0 Mishi: 2.40	Eagle 9.0 – 10.0 Mishi 2.10	Eagle 10.0 – 11.0 Mishi 2.50	Eagle 10.0 – 11.0 Mishi 2.26
Capital Expenditures (Sustaining and Project)	$15M Sustaining and $11M Project	$15M Sustaining and $7M Project	$15M Sustaining and $3M Project	$15M Sustaining and $2M Project

RESPONSIBILITY FOR TECHNICAL INFORMATION

The scientific and technical content of this report was reviewed, verified and approved by Philip Ng, P. Eng., Chief Operating Officer of Wesdome, a Qualified Person as defined by Canadian Securities Administrators National Instrument 43-101 “Standards of Disclosure for Mineral Projects”.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2015, the Company had working capital of $3.0 million compared to $12.6 million at December 31, 2014. During the first nine months of 2015, capital expenditures totalled $12.7 million compared to $11.6 million in 2014. Capital expenditures were concentrated in underground development and infrastructure, mill improvements/upgrades, surface preparation and permitting for a new tailings management area. Our cash position decreased to $3.7 million from $4.1 million in the previous quarter, reflecting close to breakeven mining operations net of capex.

The Company carried an inventory of gold at September 30, 2015, which consisted of 4,681 ounces of gold with a market value of approximately $6.9 million and carrying cost of $4.9 million. In addition, the Mishi ore stockpile at the mill is estimated to contain about 1,025 ounces of recoverable gold, or approximately $0.6 million, net of milling costs. Accordingly the adjusted working capital at September 30, 2015, would have been $10.5 million.

In early October 2015, the Company received approval of a revised closure plan for the Kiena Complex. This revision was conducted as a result of new legislation enacted by the Quebec government, which required mining operations to submit restoration plans for inactive mills and post any additional security as a result of this revision. The Company determined that the Kiena operations, which closed in July 2013 should have been grandfathered under the new legislation as it did not specifically deal with our case. Nonetheless, a revised plan was submitted at the same time that clarity was requested from the government. No such clarity was received other than the October 2015 letter which requested that the Company post an additional $6.2 million security mostly relating to decommissioning of the mill and restoration of the mill site. The Company is required to post this amount in several tranches commencing on January 4, 2016 until September 30, 2017. The Company is seeking financing alternatives including reclamation bonds to satisfy this obligation.

On October 20, 2015, the Company closed a non-brokered private placement for gross proceeds of $5 million (the “Offering”) to certain insiders of the Company by issuing 5,000,000 common shares in the capital of the Company at $1 per common share. The Company plans to use the net proceeds to partially finance the mill expansion, new tailings dam construction, working capital and general corporate purposes. The Offering was accepted by the Toronto Stock Exchange, and the common shares issued pursuant to the Offering are subject to a four month and one day hold period.

The Company believes it has sufficient liquidity to carry out its current mining, development and exploration programs. However, the Company may require additional funding of approximately $10-15 million for mill expansion to 1,500 tpd, the new tailings management facility, Eagle River ventilation upgrade and associated infrastructure. The level and timing of external funding will depend on the timing of permit approvals, future price of gold and general capital market conditions. Although the Company has been successful in the past in obtaining funding as needed, there is no assurance that funding will be available at satisfactory terms to the Company.

APPOINTMENT OF NEW DIRECTOR AND CFO

In July 2015, the Company appointed Charles Page, P.Geo, to the Board of Directors. Mr. Page is a professional geologist with over 30 years' experience in the mineral exploration and mining industry. Most recently, he was president and CEO of Queenston Mining, leading the discovery and development of the Upper Beaver deposit in the Kirkland Lake Gold camp until Queenston's acquisition by Osisko Mining. He is currently a director of Osisko Gold Royalties Ltd. and Unigold Inc. Mr. Page holds a Master of Science degree from the University of Waterloo. In addition to this wealth of experience, the Company also plans to leverage his experience in the Eagle River camp as his team was credited with the discovery of the No Name Lake Zone on this property.

On September 16, 2015, Brian Ma, then Chief Financial Officer of the Company, tendered his resignation as CFO and was replaced by Hemdat Sawh, CPA. Mr. Sawh is a Certified Professional Accountant, and holds an MBA degree in accounting from York University, a BSc degree in geology from Concordia University and a graduate diploma in geology from McGill University. Mr. Sawh has over 16 years of accounting and auditing experience at Grant Thornton LLP, culminating in the position of principal with a concentration in publicly listed mining companies. Mr. Sawh served as Chief Financial Officer for several TSX listed mining companies with operations in Mexico, Venezuela and Burkina Faso.

OUTLOOK

Throughout 2015, the Company has steadily increased mill throughput quarter over quarter, while developing a new underground high grade zone, (the 300 Zone) which began production in the third quarter. As a result of commencing mining at this zone, head grades for the month of September increased to 9.0 gAu/ tonne for the Eagle River Mine, 23% higher than 2015's YTD average grade of 7.3 gAu/tonne. This zone is expected to remain in production for the balance of the year and into the beginning of 2016. As well, Mishi head grades improved to 3.0 gAu/tonne in Q3 2015, 11% higher than the YTD average of 2.7 gAu/tonne. As such, the Company expects to achieve its 2015 production guidance of 55,000 – 57,000 ounces of gold.

During Q3 2015, the Company announced its 4-year production guidance at the Eagle River Mine Complex. Over the course of the next two years, the Company plans on increasing the mill capacity to 1,500 tpd, constructing a new tailings management facility, developing two additional high grade zones, the 811 and the 7 Zones, and increasing mining rates at the Mishi Open Pit. Once complete, this should translate into significantly higher production in years 2018 and 2019 of 72,000 – 82,000 ounces per year, with increased margins of at least $100 per ounce, achieved with modest capital investment.

SUMMARY OF SHARES ISSUED

As of November 5, 2015, the Company's share information is as follows:

Common shares issued	116,228,583
Common share purchase options	4,026,428

CONTRACTUAL OBLIGATIONS

The following table shows the timing of cash outflows relating to contractual obligations going forward.

	Payments Due by Period (in thousands)				
Contractual Obligations	**Total**	**Less than 1 year**	**1 – 2 years**	**3 – 5 years**	**After 5 years**
Equipment leases	$ 4,642	$ 1,511	$ 1,322	$ 1,809	-
Convertible debentures	7,799	491	7,308	-	-
Kiena reclamation deposit	6,183	2,600	1,791	1,792	
	$ 18,624	$ 4,602	$ 10,421	$ 3,601	-

NON-IFRS PERFORMANCE MEASURES

The Company uses non-IFRS performance measures which do not have standardized meanings defined by IFRS and may not be comparable to information in other gold producers' reports and filings. These performance measures include mine operating profit, cash costs per ounce of gold sold, cash margin per ounce of gold sold, average realized price per ounce of gold sold, production costs per ounce, all-in sustaining costs per ounce of gold, operating cash flow per share, free cash flow, and free cash flow per share. The Company has included these non-IFRS performance measures throughout this document as the Company believes that these generally accepted industry performance measures provide useful indication of the Company's operational performance. 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.

Mine operating profit

(in $000)	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14	Q4/13
Gold and silver bullion revenue	**18,199**	17,202	14,442	20,922	22,342	16,044	23,133	17,882
Mining and processing costs	**12,946**	14,099	12,885	15,377	15,358	9,681	13,411	12,114
Mine operating profit	**5,253**	3,103	1,557	5,545	6,984	6,363	9,722	5,768

Cash costs per ounce of gold sold

(in $000 except per ounce amount)	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14	Q4/13
Mine site operating costs per financial statements	**12,946**	14,099	12,885	15,377	15,358	9,681	13,411	12,114
Ounces of gold sold	**12,408**	11,740	9,633	15,188	15,878	11,179	15,985	13,400
Total cash costs per ounce of gold sold	**1,043**	1,201	1,338	1,012	967	866	839	904
Average 1 USD → CAD exchange rate	**1.3089**	1.2293	1.2409	1.1626	1.0891	1.0901	1.1040	1.0500
Total cash cost per ounce of gold sold (US$)	**797**	977	1,078	871	888	794	760	861

Cash margin per ounce of gold sold

(amounts in Canadian dollars)	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14	Q4/13
Gold price per ounce sold (see next table)	**1,467**	1,465	1,499	1,378	1,407	1,435	1,447	1,487
Cash costs of gold sold	**1,043**	1,201	1,338	1,012	967	866	839	904
Cash margin per ounce of gold sold (CAD$)	**424**	264	161	366	440	569	608	583

Average 1 USD → CAD exchange rates	**1.3089**	1.2293	1.2409	1.1626	1.0891	1.0901	1.1060	1.0500
(amounts in United States dollars)	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**	**Q1/14**	**Q4/13**
Gold price per ounce sold	**1,121**	1,192	1,208	1,185	1,292	1,316	1,311	1,416
Cash costs of gold sold	**797**	977	1,078	871	888	794	760	861
Cash margin per ounce of gold sold (US$)	**324**	215	130	314	404	522	551	555

Average realized price per ounce of gold sold

(in $000 except per ounce amount)	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**	**Q1/14**	**Q4/13**
Gold produced (ounces)	**14,284**	12,476	10,140	12,981	12,456	13,590	13,730	15,947
Gold sales (ounces)	**12,408**	11,740	9,633	15,188	15,878	11,179	15,985	13,400
Gold sales ($)	**18,199**	17,202	14,442	20,922	22,342	16,044	23,133	17,882
Average realized price per ounce of gold sold ($)	**1,467**	1,465	1,499	1,378	1,407	1,435	1,447	1,334
Average gold price per ounce ($) ǂ	**1,471**	1,465	1,509	1,400	1,396	1,405	1,427	1,335

ǂ Calculated based on the daily gold price per ounce in Canadian dollars, obtained using the daily London PM fix in US dollars, translated at the daily exchange noon rate published by the Bank of Canada

Production costs per ounce of gold

(in $000 except per ounce amount)	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**	**Q1/14**	**Q4/13**
Production costs, per financial statements	**12,946**	14,099	12,885	15,377	15,358	9,681	13,411	12,114
Inventory adjustment ǂ	**1,257**	387	755	(2,256)	(3,213)	1,992	13	(217)
Production costs	**14,203**	14,486	13,640	13,121	12,145	11,673	13,424	11,897
Gold production (ounces)	**14,284**	12,476	10,140	12,981	12,456	13,590	13,730	15,947
Production costs per ounce	**994**	1,161	1,345	1,011	975	859	978	746

ǂ Inventory related adjustments are adjustments made to mining and processing costs (cost of sales) in order for them to reflect the actual cash cost of production during the period.

	Q3/15	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**	**Q1/14**	**Q4/13**
Per ounce data, production basis (CAD$)								
Mining costs	**753**	867	990	751	727	645	734	529
Milling costs	**241**	294	355	260	248	214	244	217
	994	1,161	1,345	1,011	975	859	978	746
Average 1 USD → CAD exchange rates	**1.3089**	1.2293	1.2409	1.1626	1.0891	1.0901	1.1060	1.0500
	Q3/15	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**	**Q1/14**	**Q4/13**
Per ounce data, production basis (US$)								
Mining costs	**575**	705	798	646	668	592	664	504
Milling costs	**185**	240	286	223	227	196	221	207
	760	945	1,084	869	895	788	885	711

All-in sustaining costs per ounce of gold

All-in sustaining costs include mine site operating costs and production royalties incurred at the Company's mining operations, sustaining capital expenditures (including equipment leases), corporate administration expense and mine site exploration costs. The Company believes that this measure represents the total costs of producing gold from current operations, and provides the Company and other stakeholders with additional information that illustrates the Company's operational performance and ability to generate cash flow. This cost measure is reported on a consolidated level and on a per ounce of gold basis. As the measure seeks to reflect the full cost of gold production from current operations, new project capital is not included.

Sales basis

(in $000 except per ounce amount)	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**	**Q1/14**	**Q4/13**
Mine site operating costs per financial statements	**12,946**	14,099	12,885	15,377	15,358	9,681	13,411	12,114
Add:								
Royalties	**305**	286	262	331	345	289	346	397
Corporate and general	**689**	729	687	766	625	630	690	652
Sustaining mine capital, equipment leases and exploration	**4,344**	4,231	5,148	4,325	4,154	4,291	3,816	3,374
All-in costs adjustment	**5,338**	5,246	6,097	5,422	5,124	5,210	4,852	4,423
All-in sustaining costs	**18,284**	19,345	18,982	20,799	20,482	14,891	18,263	16,537
Gold sold (ounces)	**12,408**	11,740	9,633	15,188	15,878	11,179	15,985	13,400
All-in sustaining costs per ounce (CAD$)	**1,474**	1,648	1,971	1,369	1,290	1,332	1,143	1,234
Average 1 USD → CAD exchange rate	**1.3089**	1.2293	1.2409	1.1626	1.0891	1.0901	1.1040	1.0500
All-in sustaining costs per ounce (US$)	**1,126**	1,340	1,588	1,178	1,184	1,222	1,035	1,175

Production basis

(in $000 except per ounce amount)	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**	**Q1/14**	**Q4/13**
Production costs (see table at page 13)	**14,203**	14,486	13,640	13,121	12,145	11,673	13,424	11,897
All-in costs adjustment (se table above)	**5,338**	5,246	6,097	5,422	5,124	5,210	4,852	4,423
All-in sustaining costs	**19,541**	19,732	19,737	18,543	17,269	16,883	18,276	16,320
Gold produced (ounces)	**14,284**	12,476	10,140	12,981	12,456	13,590	13,730	15,947
All-in sustaining costs per ounce (CAD$)	**1,368**	1,582	1,946	1,428	1,386	1,242	1,331	1,023
Average 1 USD → CAD exchange rates	**1.3089**	1.2293	1.2409	1.1626	1.0891	1.0901	1.1060	1.0500
All-in sustaining costs per ounce (US$)	**1,045**	1,287	1,569	1,229	1,273	1,139	1,205	975

Operating cash flow per share

Operating cash flow per share is calculated by dividing cash flow from operating activities before working capital adjustments in the Company's financial statements by the weighted average number of shares outstanding for each period. Adjusted cash flow and resulting per share are computed similarly after adjusting for Kiena care and maintenance costs.

(in $000 except share and per share amount)	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**	**Q1/14**	**Q4/13**
Cash flow from operating activities before working capital adjustments	**3,333**	1,436	133	4,192	5,585	5,264	8,228	2,739
Kiena care and maintenance costs	**935**	658	493	300	717	377	467	632
Operating cash flow (adjusted)	**4,268**	2,094	626	4,492	6,302	5,641	8,695	3,371
Weighted average number of shares (000's)	**111,186**	111,051	111,073	110,940	111,098	111,141	105,449	105,803
Operating cash flow per share	**0.03**	0.01	0.00	0.04	0.05	0.05	0.08	0.03
Operating cash flow per share (adjusted)	**0.04**	0.02	0.01	0.04	0.06	0.05	0.08	0.03

Free cash flow and free cash flow per share

Free cash flow is calculated by taking cash flow from operating activities before working capital adjustments less cash used in investing activities 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. Adjusted free cash flow and resulting per share are computed similarly after adjusting for Kiena care and maintenance costs.

(in $000)	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14	Q4/13
Cash flow from operating activities before working capital adjustments	**3,333**	1,436	133	4,192	5,585	5,264	8,228	2,739
Exploration	**(6)**	(42)	(573)	(54)	(472)	(68)	(6)	(964)
Sustaining capital	**(3,953)**	(3,941)	(4,842)	(4,050)	(3,957)	(4,066)	(3,611)	(2,204)
Free cash flow	**(626)**	(2,547)	(5,282)	88	1,156	1,130	4,611	(429)
Kiena care and maintenance costs	**935**	658	493	300	717	377	467	632
Free cash flow (adjusted)	**309**	(1,889)	(4,789)	388	1,873	1,509	5,077	203
Weighted average number of shares (000's)	**111,186**	111,051	111,073	110,940	111,098	111,141	105,449	105,803
Free cash flow per share	**(0.01)**	(0.02)	(0.05)	0.00	0.01	0.01	0.04	(0.00)
Free cash flow per share (adjusted)	**0.00**	(0.02)	(0.04)	0.00	0.02	0.01	0.05	0.00

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical accounting estimates used by the Company are discussed in detail in the 2014 annual MD&A for the year ended December 31, 2014, under the heading "Critical Accounting Estimates and Judgments", as well as the 2014 annual audited financial statements for the year ended December 31, 2014, in Note 4.

There have been no material changes to these estimates and judgments from December 31, 2014 up to the date of this MD&A.

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.

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:

September 30, 2015	Loans and Receivables	Other Financial Liabilities	Total Carrying Amount	Fair Value
Cash	**3,705**	**-**	**3,705**	**3,705**
Trade and other receivables	**2,053**	**-**	**2,053**	**2,053**
Restricted cash	**3,104**	**-**	**3,104**	**3,104**
Total assets	**8,862**	**-**	**8,862**	**8,862**
Accounts payable and accrued liabilities	**-**	**8,435**	**8,435**	**8,435**
Obligations under capital lease	**-**	**4,311**	**4,311**	**4,311**
Long-term debt	**-**	**6,482**	**6,482**	**6,951**
Total liabilities	**-**	**19,228**	**19,228**	**19,967**

December 31, 2014	Loans and Receivables	Other Financial Liabilities	Total Carrying Amount	Fair Value
Cash	15,408	-	15,408	15,408
Trade and other receivables	1,834	-	1,834	1,834
Restricted cash	3,106	-	3,106	3,106
Total assets	20,348	-	20,348	20,348

Accounts payable and accrued liabilities	-	8,061	8,061	8,061
Obligations under capital lease	-	3,720	3,720	3,720
Long-term debt	-	6,262	6,262	6,670
Total liabilities	-	18,043	18,043	18,451

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.
>
> Other financial liabilities – Payables and accruals, obligations under finance leases, and convertible 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 obligations under finance leases approximate their carrying values as the obligations are entered into at market interest rates. The fair value of the convertible debentures is based on the quoted market price.

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

Financial and Capital Risk Management
As at and during the period ended September 30, 2015, the Company's financial risk exposure and its financial risk management practices were consistent with those disclosed and applied in Note 24 to the Company's consolidated financial statements for the year ended December 31, 2014.

RISKS AND UNCERTAINTIES

Risks and uncertainties related to economic and industry factors and the Company's approach to the management of these risks are discussed in detail in the 2014 annual MD&A for the year ended December 31, 2014.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures
In accordance with the requirements of National Instrument 52-109 "*Certification of Disclosure in Issuers' Annual and Interim Filings*." the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), have evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's CEO and CFO have concluded that as at September 30, 2015, the Company's disclosure controls and procedures to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported within the appropriate time periods and forms were effective.

In late October 2015, the Company was advised by the Ontario Securities Commission that the disclosure required by National Instrument 58-101 Disclosure of Corporate Governance Practices and provided in the Company's Management Information Circular dated March 23, 2015 did not adequately address the Company's practices in respect of director term limits, the representation of women on the board and in executive officer positions as required in Form 58-101F1 Corporate Governance Disclosure. Accordingly, the Company has provided supplemental information in this MD&A.

In early October 2015, the Company engaged an independent, external corporate governance advisor to evaluate its governance practices. Upon conclusion of this evaluation, the Board will consider enhancements to the Company's existing governance practices, as required.

Internal Control over Financial Reporting

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control over financial reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of our assets
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial instruments

The Company's management, with the participation of the CEO and CFO, assessed the effectiveness of the Company's internal controls over financial reporting and concluded that as at September 30, 2015, the Company's internal control over financial reporting was effective.

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.

Control Framework

The Company's assessment of the effectiveness of its internal control is based on the framework and criteria established in "*Internal Control – Integrated Framework (1992 version)*" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
The Company plans to transition to the "*2013 Internal Control – Integrated Framework"* issued by COSO during the 2015 fiscal year.

The Company has included in this report certain non-IFRS performance measures, including, but not limited to, free cash flow, mining and processing costs, production cash costs, and all-in sustaining costs, as well as their related per unit measures. These measures are not defined under IFRS and therefore should not be considered in isolation or as an alternative to or more meaningful than, net income (loss) or cash flow from operating activities as determined in accordance with IFRS as an indicator of our financial performance or liquidity. 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.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

This section provides additional disclosure pursuant to the Statement of Corporate Governance Practices section of the Company's Management Information Circular dated March 23, 2015 (the "Circular"). The Circular did not fully comply with the requirements under sections 10 – 15 of Form 58-101F1 Corporate Governance Disclosure, and the following discusses the Company's practices regarding director term limits, gender diversity on the board and in executive officer positions.

10. Director Term Limits and Other Mechanisms of Board Renewal	
Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	The Company does not impose term limits on its directors and has determined that term limits and other retirement policies are unnecessarily arbitrary and inflexible, and can result in valuable, experienced directors being forced to leave the Board solely because of length of service. The mandate of the Nominating and Governance Committee includes the assessment of the competencies and skills of each director, which includes the director's ability to continue to make a meaningful contribution to the Board. The Nominating and Governance Committee reviews the composition of the Board on a regular basis and recommends changes as appropriate.
11. Policies Regarding the Representation of Women on the Board	
(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so. (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	The Company has not adopted a written policy relating to the identification and nomination of women directors, however the Board considers diversity, including gender, age, experience, education, race and national origin, to be essential to a highly functioning board. In October 2015, the Company engaged an independent, external corporate governance advisor to evaluate its governance practices. Upon conclusion of such evaluation, the Board will consider the need for a formal written policy regarding diversity.
12. Consideration of the Representation of Women in the Director Identification and Selection Process	
Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.	In the selection process for new directors, the Nominating and Governance Committee considers the overall diversity of the board in conjunction with other considerations such as the candidate's general qualifications, skills, relevant experience, knowledge and independence, which the Board as a whole requires to be effective, and endeavours to select the most suitable individual having given equal consideration to all candidates, including women.
13. Consideration Given to the Representation of Women in Executive Officer Appointments	
Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	Of the Company's five executive officer positions, one is held by a woman. In recruiting and promoting executive officers within the Company, the individual's experience, competence, qualification and performance are primarily considered. The Company also recognizes the benefits of diversity (including the level of representation of women in executive officer positions) and seeks to increase the number of potential candidates considered for executive officer appointments through mentoring, continuing education and succession planning processes.

14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions	
(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so. (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.	The Company has not adopted a target regarding women on the Company's board and in executive officer positions. The Company does not believe that specific quotas or targets will result in the identification or selection of the best candidates for directors and executive officers. Although the Company has not adopted specific targets, it is committed to advancing women and other individuals representing a diversity of backgrounds into leadership roles through mentoring, continuing education and succession planning processes.
15. Number of Women on the Board and in Executive Officer Positions	
(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women. (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	The Company does not currently have any directors that are women, representing 0% on the board; and has one woman out of five executive officers representing 20% in executive officer roles.

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 at 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.

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)

	September 30 2015	December 31 2014
Assets		
Current		
Cash and cash equivalents	**$ 3,705**	$ 15,408
Receivables (Note 4)	**2,053**	1,834
Inventory (Note 5)	**7,013**	4,603
Total current assets	**12,771**	21,845
Restricted funds (Note 6)	**3,104**	3,106
Deferred income taxes	**10,844**	10,492
Mining properties, plant and equipment (Note 7)	**56,242**	47,042
Exploration properties (Note 8)	**34,743**	34,122
Total assets	**$ 117,704**	$ 116,607
Liabilities		
Current		
Payables and accruals	**$ 8,435**	$ 8,061
Current portion of obligations under finance leases (Note 9)	**1,359**	1,219
Total current liabilities	**9,794**	9,280
Obligations under finance leases (Note 9)	**2,952**	2,501
Convertible debentures (Note 10)	**6,482**	6,262
Decommissioning provisions (Note 11)	**7,621**	2,501
Total liabilities	**26,849**	20,544
Equity		
Equity attributable to owners of the Company		
Capital stock (Note 12)	**129,880**	129,270
Contributed surplus	**1,967**	2,088
Equity component of convertible debentures (Note 10)	**989**	932
Deficit	**(41,981)**	(36,227)
Total equity	**90,855**	96,063
Total liabilities and equity	**$ 117,704**	$ 116,607

Comparative figures (Note 17)

Subsequent event (18)

On behalf of the Board:

"Rolly Uloth"
Director

"Charles Page"
Director

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.
Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

(Unaudited, expressed in thousands of Canadian dollars)

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2015	2014	**2015**	2014
Revenue				
Gold and silver bullion	**$ 18,199**	$ 22,342	**$ 49,843**	$ 61,519
Operating expenses				
Mining and processing	**12,946**	15,358	**39,930**	38,450
Depletion of mining properties	**1,728**	2,273	**4,778**	5,569
Production royalties	**305**	345	**853**	980
Corporate and general	**689**	625	**2,105**	1,945
Share based payments	**154**	99	**399**	204
Kiena care and maintenance costs	**935**	717	**2,086**	1,561
Total operating expenses	**16,757**	19,417	**50,151**	48,709
(Loss) income from operations	**1,442**	2,925	**(308)**	12,810
Interest and other income	**16**	289	**51**	438
Interest on long-term debt	**(244)**	(229)	**(711)**	(625)
Write-down of Kiena plant decommissioning asset (Note 11)	**(4,934)**	-	**(4,934)**	-
Accretion of decommissioning provisions (Note 11)	**(144)**	(24)	**(186)**	(71)
Other interest	**(6)**	(1)	**(17)**	(2)
(Loss) income before income tax	**(3,870)**	2,960	**(6,105)**	12,550
Income tax (recovery) expense				
Deferred	**424**	722	**(294)**	3,263
Income tax (recovery) expense	**424**	722	**(294)**	3,263
Net (loss) income and total comprehensive income (loss)	**$ (4,294)**	$ 2,238	**$ (5,811)**	$ 9,287
Net (loss) income and total comprehensive income (loss) attributable to:				
Non-controlling interest	**$ -**	$ -	**$ -**	$ (26)
Owners of the Company	**(4,294)**	2,238	**(5,811)**	9,313
	$ (4,294)	$ 2,238	**$ (5,811)**	$ 9,287
Basic and diluted earnings per share				
Basic (Note 16)	**$ (0.04)**	$ 0.02	**$ (0.05)**	$ 0.09
Diluted (Note 16)	**$ (0.04)**	$ 0.02	**$ (0.05)**	$ 0.08
Basic and diluted weighted average number of common shares (000)				
Basic (Note 16)	**111,186**	111,098	**111,104**	109,427
Diluted (Note 16)	**111,186**	111,530	**111,104**	109,795

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 of Convertible Debentures	Retained Earnings (Deficit)	Total Attributable to Owners of the Company	Non-controlling Interest	Total Equity
Balance, December 31, 2013	$ 125,352	$ 1,203	$ 434	$ 513	$ 932	$ (44,400)	$ 84,034	$ 264	$ 84,298
Net income (loss) for the period ended September 30, 2014	-	-	-	-	-	9,313	9,313	(26)	9,287
Shares issued to amalgamate Moss Lake Gold Mines Ltd. (Note 3)	4,117	-	-	-	-	-	4,117	-	4,117
Transfer of non-controlling interest (Note 3)	-	-	-	-	-	238	238	(238)	-
Change in equity due to Moss Lake amalgamation (Note 3)	-	-	-	-	-	(4,611)	(4,611)	-	(4,611)
Exercise of options	59	-	-	-	-	-	59	-	59
Value attributed to options exercised	21	(21)	-	-	-	-	-	-	-
Value attribtued to options expired	-	(660)	-	-	-	660	-	-	-
Share-based payments	-	204	-	-	-	-	204	-	204
Shares purchased under normal course issuer bid (Note 12)	(291)	-	92	-	-	-	(199)	-	(199)
Balance, September 30, 2014	129,258	726	526	513	932	(38,800)	93,155	-	93,155
Net income for the three months ended December 31, 2014	-	-	-	-	-	2,589	2,589	-	2,589
Exercise of options	45	-	-	-	-	-	45	-	45
Value attributed to options exercised	27	(27)	-	-	-	-	-	-	-
Value attributed to options expired	-	16	-	-	-	(16)	-	-	-
Share based payments	-	313	-	-	-	-	313	-	313
Shares purchased under normal course issuer bid (Note 12)	(60)	-	21	-	-	-	(39)	-	(39)
Balance, December 31, 2014	129,270	1,028	547	513	932	(36,227)	96,063	-	96,063
Net loss for the nine months ended September 30, 2015	**-**	**-**	**-**	**-**	**-**	**(5,811)**	**(5,811)**	**-**	**(5,811)**
Exercise of options	**261**	**-**	**-**	**-**	**-**	**-**	**261**	**-**	**261**
Value attrributed to options exercised	**463**	**(463)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Value attributed to options expired	**-**	**(57)**	**-**	**-**	**-**	**57**	**-**	**-**	**-**
Share based payments	**-**	**399**	**-**	**-**	**-**	**-**	**399**	**-**	**399**
Shares purchased under normal course issuer bid (Note 12)	**(114)**	**-**	**-**	**-**	**-**	**-**	**(114)**	**-**	**(114)**
Change in deferred liability of equity component of convertible debentures	**-**	**-**	**-**	**-**	**57**	**-**	**57**	**-**	**57**
Balance, September 30, 2015	**$ 129,880**	**$ 907**	**$ 547**	**$ 513**	**$ 989**	**$ (41,981)**	**$ 90,855**	**$ -**	**$ 90,855**

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 Sept 30		Nine Months Ended Sept 30	
	2015	2014	**2015**	2014
Operating activities				
Net (loss) income	**$ (4,294)**	$ 2,238	**$ (5,811)**	$ 9,287
Depletion of mining properties	**1,728**	2,273	**4,778**	5,569
Accretion of discount on convertible debentures (Note 10)	**76**	67	**220**	195
Write-down of Kiena plant decommissioning asset	**4,934**	-	**4,934**	-
Loss on sale of equipment	**-**	-	**-**	58
Share based payments (Note 13)	**154**	99	**399**	204
Deferred income taxes	**424**	722	**(294)**	3,263
Interest paid	**167**	162	**490**	430
Accretion of decommissioning provisions	**144**	24	**186**	71
	3,333	5,585	**4,902**	19,077
Net changes in non-cash working capital (Note 16)	**381**	2,271	**(1,832)**	646
Funds provided by operating activities	**3,714**	7,856	**3,070**	19,723
Financing activities				
Funds paid to repurchase common shares under NCIB	**-**	(161)	**(114)**	(199)
Exercise of options	**122**	-	**261**	59
Share issue cost to acquire Moss Lake Gold Mines Ltd. minority shareholders	**-**	-	**-**	(494)
Repayment of obligations under finance leases	**(392)**	(198)	**(1,009)**	(648)
Interest paid	**(167)**	(162)	**(490)**	(430)
Funds used by financing activities	**(437)**	(521)	**(1,352)**	(1,712)
Investing activities				
Additions to mining properties	**(3,953)**	(3,957)	**(12,736)**	(11,634)
Additions to exploration properties	**(6)**	(472)	**(621)**	(546)
Proceeds on sale of equipment	**-**	-	**-**	44
Funds held against standby letters of credit	**531**	(5)	**2**	(16)
	(3,428)	(4,434)	**(13,355)**	(12,152)
Net changes in non-cash working capital (Note 16)	**(211)**	(414)	**(66)**	(770)
Funds used by investing activities	**(3,639)**	(4,848)	**(13,421)**	(12,922)
(Decrease) increase in cash	**(362)**	2,487	**(11,703)**	5,089
Cash, beginning of period	**4,067**	8,253	**15,408**	5,651
Cash, end of period	**$ 3,705**	$ 10,740	**$ 3,705**	$ 10,740

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 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 811, Toronto, ON, M5C 1B5.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – "*Interim Financial Reporting*" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2014.

The preparation of condensed interim consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year. The critical judgments and estimates applied in the preparation of the Company's condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 4 to the Company's consolidated financial statements for the year ended December 31, 2014.

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 November 5, 2015.

(Unaudited, tabular amounts expressed in thousands of Canadian dollars except for per share amounts)

3. AMALGAMATION OF MOSS LAKE GOLD MINES LTD.

On March 28, 2014, the Company acquired the remaining 43.2% of the outstanding minority held common shares of its subsidiary Moss Lake Gold Mines Ltd. ("MLGM") in order to consolidate and clarify the ownership of the Company's properties under one corporate entity. The shareholders of MLGM received 1 common share of Wesdome for every 3.85 common shares of MLGM. A total of 5,279,400 common shares were issued and valued at $4,117,000.

The acquisition was accounted for as an equity transaction, which was recorded at a total amount of $4,611,000.

The value of the equity issued to MLGM shareholders was calculated as follows:

Issuance of 5,279,400 shares	$	4,117
Accrued transaction costs		494
Total consideration		4,611
Transfer of non-controlling interest to deficit		(238)
Amount recognized in deficit, March 28, 2014	$	4,373

Pursuant to the amalgamation agreement, 883,116 stock options were issued by the Company to the former directors and officers of MLGM, representing the stock options of MLGM outstanding as at March 28, 2014, with figures adjusted accordingly for the exchange ratio between the Company and MLGM. These options were issued at a weighted average price of $0.80, with a weighted average remaining life of 2.90 years. All the options were exercisable upon grant.

4. RECEIVABLES

		September 30 2015		December 31 2014
Mining duties refunds and tax credits	**$**	**59**	$	59
Value added taxes		**1,555**		950
Prepaids, deposits and receivables		**439**		825
	$	**2,053**	$	1,834

5. INVENTORY

		September 30 2015		December 31 2014
Gold in process	**$**	**4,927**	$	2,172
Supplies		**1,609**		1,521
Ore stockpiles		**477**		910
	$	**7,013**	$	4,603

Gold in process inventory consists of both gold doré and gold in process that is awaiting the completion of the final refining process, with the completion of the refining process into saleable gold, expected within one month of the financial statement date.

(Unaudited, tabular amounts expressed in thousands of Canadian dollars except for per share amounts)

6. RESTRICTED FUNDS

	September 30 2015	December 31 2014
Relating to mine closure plans (Note 11)	**$ 2,529**	$ 2,531
Relating to hydro deposits	**575**	575
	$ 3,104	$ 3,106

Funds are being held in Guaranteed Investment Certificates at interest rates ranging from 1.0% to 1.4% (2014: 1.01% to 1.40%) maturing to April, 2016.

7. MINING PROPERTIES, PLANT AND EQUIPMENT

Gross Carrying Amount	Eagle River Mine Complex	Kiena Mine Complex	Total
Balance, December 31, 2013	$ 61,658	$ 31,649	$ 93,307
Additions	19,402	57	19,459
Disposals	(557)	(96)	(653)
Transfers	60	(60)	-
Balance, December 31, 2014	80,563	31,550	112,113
Additions	**14,315**	**22**	**14,337**
Plant decommissioning asset (Note 11)	**-**	**4,934**	**4,934**
Disposal	**-**	**(2)**	**(2)**
Balance, September 30, 2015	**$ 94,878**	**$ 36,504**	**$ 131,382**

Accumulated Depletion	Eagle River Mine Complex	Kiena Mine Complex	Total
Balance, December 31, 2013	$ (27,259)	$ (30,929)	$ (58,188)
Depletion	(7,254)	(4)	(7,258)
Accumulated depletion on disposals	279	96	375
Balance, December 31, 2014	(34,234)	(30,837)	(65,071)
Write-down of plant decommissioning (Note 11)	**-**	**(4,934)**	**(4,934)**
Depletion	**(5,128)**	**(7)**	**(5,135)**
Balance, September 30, 2015	**$ (39,362)**	**$ (35,778)**	**$ (75,140)**
Carrying Amount, December 31, 2013	$ 34,398	$ 720	$ 35,118
Carrying Amount, December 31, 2014	$ 46,329	$ 713	$ 47,042
Carrying Amount, September 30, 2015	**$ 55,516**	**$ 726**	**$ 56,242**

(Unaudited, tabular amounts expressed in thousands of Canadian dollars except for per share amounts)

8. EXPLORATION PROPERTIES

	Wesdome Group	Moss Lake	Mishi Group	Total
Balance, December 31, 2013	$ 24,793	$ 3,581	$ 5,148	$ 33,522
Exploration expenditures	578	22	-	600
Balance, December 31, 2014	25,371	3,603	5,148	34,122
Exploration expenditures	**604**	**17**	**-**	**621**
Balance, September 30, 2015	**$ 25,975**	**$ 3,620**	**$ 5,148**	**$ 34,743**

On March 28, 2014, the Company completed an amalgamation with Moss Lake Gold Mines Ltd. resulting in the Company having full 100% ownership of all its exploration properties. The transaction was accounted for as an equity transaction. Refer to Note 3 for additional details.

9. 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:

	September 30 2015	December 31 2014
Not later than one year	**$ 1,511**	$ 1,363
Later than one year and not later than five years	**3,131**	2,677
Total minimum lease payments	**4,642**	4,040
Less: Interest portion at the weighted average of 4.13% (2014: 4.31%)	**331**	320
Total obligations under finance leases, secured by equipment	**4,311**	3,720
Less:Current portion	**1,359**	1,219
Long-term portion	**$ 2,952**	$ 2,501

The cost of equipment under finance leases at September 30, 2015 is $6,353,000 (2014: $4,754,000) with related accumulated depreciation of $1,155,000 (2014: $462,000). These assets are included in mining properties and equipment.

10. CONVERTIBLE DEBENTURES

The following table summarizes the changes in the liability and equity components of the convertible debentures bearing interest at 7% and maturing on May 31, 2017, during the nine months ended September 30, 2015, and the year ended December 31, 2014.

Liability component	**September 30 2015**	December 31 2014
Balance, beginning of year	**$ 6,262**	$ 5,996
Accretion	**220**	266
Balance, end of period/year	**$ 6,482**	$ 6,262

(Unaudited, tabular amounts expressed in thousands of Canadian dollars except for per share amounts)

10. CONVERTIBLE DEBENTURES (continued)

Equity component		September 30 2015		December 31 2014
Balance, beginning of year	**$**	**932**	$	932
Change in deferred income tax liability		**57**		-
Balance, end of period/year	**$**	**989**	$	932

At September 30, 2015, the face value of debentures available for conversion at $2.50 totalled $7,021,000.

11. DECOMMISSIONING PROVISIONS

The Company is committed to a program of environmental protection at its mines, development projects and exploration sites. 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 $1.6 million and the Kiena Mining complex to be about $1.4 million. The Company has provided $2.5 million standby letters of credit to be held against these future environmental obligations.

In early October 2015, the Company received approval of a revised closure plan for the Kiena Complex. This revision was conducted as a result of new legislation enacted by the Quebec government which required mining operations to submit restoration plans for inactive mills and post any additional security as a result of this revision. The Company determined that the Kiena operations which closed in July 2013 should have been grandfathered under the new legislation, which did not specifically deal with its case. Nonetheless, a revised plan was submitted at the same time that clarity was requested from the government. No such clarity was received other than the October 2015 letter which requested that the Company post an additional $6.2 million security mostly relating to decommissioning of the mill and restoration of the mill site. The Company is required to post this amount in several tranches commencing on January 4, 2016 until September 30, 2017. The Company is seeking financing alternatives including reclamation bonds to satisfy this obligation. The additional $6.2 million obligation has been discounted over the next four years using a risk adjusted rate of 3.34%. As at September 30, 2015 the Company recorded an obligation of $4,934 and a corresponding asset which was written down simultaneously as the Kiena Complex is under care and maintenance.

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

Balance, December 31, 2013	$	2,434
Accretion expense		80
Change in decommissioning provision		(13)
Balance, December 31, 2014		2,501
Accretion expense		**186**
Change in decommissioning provision		**4,934**
Balance, September 30, 2015	**$**	**7,621**

(Unaudited, tabular amounts expressed in thousands of Canadian dollars except for per share amounts)

12. 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, 2013	105,803,191	$ 125,352
Exercise of options	174,448	152
Shares purchased under Normal Course Issuer Bid	(301,000)	(351)
Shares issued to acquire Moss Lake Gold Mines Ltd. (Note 3)	5,279,400	4,117
Balance, December 31, 2014	110,956,039	129,270
Exercise of options	**360,844**	**724**
Shares purchased under Normal Course Issuer Bid	**(98,300)**	**(114)**
Balance, September 30, 2015	**111,218,583**	**$ 129,880**

On June 2, 2014, the Company received approval from the TSX for a Normal Course Issuer Bid ("NCIB"), which allowed the Company to purchase on the open market, up to 8,601,626 of its common shares and $351,050 principal amount of its convertible debentures (Note 10) for cancellation over a period of one year ending on June 3, 2015. During this period the Company purchased for cancellation a total of 399,300 common shares under this NCIB with a carrying value of $465,000 for total cash consideration of $351,000. 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.

13. 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.

On January 13, 2014, the Board of Directors approved a New Stock Option Plan. Under the terms of the New Stock Option Plan, all options will continue to 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 New Stock Option Plan will be 10% of the issued and outstanding common shares at the time of the grant.

No options were granted under the previous stock option plan between December 31, 2013, and January 13, 2014. As at September 30, 2015, 7,065,430 options to purchase common shares were available for grant under the New Stock Option plan.

The following table reflects the continuity for the three and nine months ended September 30, 2015 and 2014 of options granted under the plans.

(Unaudited, tabular amounts expressed in thousands of Canadian dollars except for per share amounts)

13. COMMON SHARE PURCHASE PLAN (continued)

	Three Months Ended September 30, 2015		**Nine Months Ended September 30, 2015**	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Stock options outstanding, beginning of period/year	**3,877,272**	**1.03**	**3,868,668**	**1.01**
Granted	**355,000**	**0.96**	**605,000**	**1.02**
Exercised	**(161,948)**	**0.76**	**(360,844)**	**0.73**
Expired/forfeited	**(13,896)**	**2.21**	**(56,396)**	**1.81**
Stock options outstanding, end of period	**4,056,428**	**1.03**	**4,056,428**	**1.03**

	Three Months Ended September 30, 2014		Nine Months Ended September 30, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Stock options outstanding, beginning of period	3,253,116	1.03	2,205,000	1.50
Granted	115,000	0.82	865,000	0.74
Options issued resulting from amalgamation with Moss Lake (Note 3)	-	-	883,116	0.80
Exercised	-	-	(100,000)	0.59
Expired/forfeited	(125,000)	2.35	(610,000)	2.37
Stock options outstanding, end of period	3,243,116	0.97	3,243,116	0.97

	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	2,350,584	3.12	0.72	1,669,334	0.70
$1.00 - $1.50	1,380,844	3.75	1.19	747,094	1.23
$1.51 - $2.00	25,000	1.29	1.58	25,000	1.58
$2.01 - $2.50	45,000	0.82	2.36	45,000	2.36
$2.51 - $3.00	255,000	0.40	2.68	255,000	2.68
	4,056,428	3.13	1.03	2,741,428	1.06

(Unaudited, tabular amounts expressed in thousands of Canadian dollars except for per share amounts)

13. COMMON SHARE PURCHASE PLAN (continued)

The fair value of the options granted was estimated on the date of grant using the Black-Scholes option pricing model. For the three and nine months ended September 30, 2015 and 2014, grant date fair value indicated was based on the following factors:

	Three months ended Sept 30		Nine months ended Sept 30	
	2015	2014	**2015**	2014
Weighted average fair value, per option ($)	**0.96**	0.37	**1.02**	0.40
Weighted average risk-free interest rate (%)	**0.65**	1.54	**0.70**	1.50
Weighted average volatility (%)	**66.28**	63.96	**65.94**	63.76
Expected life (years)	**5.0**	5.0	**5.0**	5.0

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 for the three and nine months ended September 30, 2015 was $154,000 and $399,000 (2014: $99,000 and $204,000), respectively. The average fair value of the common shares during the nine months ended September 30, 2015, was $1.11 (2014: $0.81).

14. EARNINGS PER SHARE AND DIVIDENDS

	Three months ended Sept 30		Nine months ended Sept 30	
	2015	2014	**2015**	2014
Earnings available to common shareholders	**$ (4,294)**	$ 2,238	**$ (5,811)**	$ 9,313
Weighted average number of shares, basic	**111,185,588**	111,098,015	**111,103,962**	109,426,616
Dilutive securites				
Options	**-**	432,355	**-**	368,416
Weighted average number of shares, diluted	**111,185,588**	111,530,370	**111,103,962**	109,795,032
Basic (loss) earnings per share	**$ (0.04)**	$ 0.02	**$ (0.05)**	$ 0.09
Diluted (loss) earnings per share	**$ (0.04)**	$ 0.02	**$ (0.05)**	$ 0.08
Number of shares excluded from diluted earnings per share calculation due to anti-dilutive effect:				
Options		1,150,844		1,556,688
Convertible debentures		2,808,400		2,808,400

(Unaudited, tabular amounts expressed in thousands of Canadian dollars except for per share amounts)

15. FINANCIAL INSTRUMENTS – DISCLOSURES

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.

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

September 30, 2015	Loans and Receivables	Other Financial Liabilities	Total Carrying Amount	Fair Value
Cash	**3,705**	**-**	**3,705**	**3,705**
Trade and other receivables	**2,053**	**-**	**2,053**	**2,053**
Restricted cash	**3,104**	**-**	**3,104**	**3,104**
Total assets	**8,862**	**-**	**8,862**	**8,862**
Accounts payable and accrued liabilities	**-**	**8,435**	**8,435**	**8,435**
Obligations under capital lease	**-**	**4,311**	**4,311**	**4,311**
Convertible debentures	**-**	**6,482**	**6,482**	**6,951**
Total liabilities	**-**	**19,228**	**19,228**	**19,697**

December 31, 2014	Loans and Receivables	Other Financial Liabilities	Total Carrying Amount	Fair Value
Cash	15,408	-	15,408	15,408
Trade and other receivables	1,834	-	1,834	1,834
Restricted cash	3,106	-	3,106	3,106
Total assets	20,348	-	20,348	20,348
Accounts payable and accrued liabilities	-	8,061	8,061	8,061
Obligations under capital lease	-	3,720	3,720	3,720
Convertible debentures	-	6,262	6,262	6,670
Total liabilities	-	18,043	18,043	18,451

The Company does not hold any Available-for-sale or Held-to-maturity instruments.

The fair value of cash and cash equivalents, receivables, and payables approximate their carrying amounts due to their short-term nature. The fair value of obligations under finance leases approximates their carrying values as the obligations are entered into at market interest rates. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

(Unaudited, tabular amounts expressed in thousands of Canadian dollars except for per share amounts)

15. FINANCIAL INSTRUMENTS – DISCLOSURES (continued)

The Company's convertible debentures are valued at fair values using Level 1 inputs. The Company does not have any Level 2 or 3 inputs.

Financial and Capital Risk Management
As at and during the period ended September 30, 2015, the Company's financial risk exposure and its financial risk management practices were consistent with those disclosed and applied in Note 24 to the Company's consolidated financial statements for the year ended December 31, 2014.

16. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended Sept 30		Nine months ended Sept 30	
	2015	2014	**2015**	2014
Net changes in non-cash working capital				
Operating activities				
Receivables	**$ 2,123**	$ (30)	**$ (96)**	$ 87
Payables and accruals	**(338)**	(1,788)	**298**	(2,715)
Gold inventory	**(1,382)**	4,012	**(1,965)**	3,331
Supplies and other	**(23)**	77	**(70)**	(57)
	$ 380	$ 2,271	**$ (1,833)**	$ 646
Investing activities				
Receivables	**$ (121)**	$ 14	**$ (123)**	$ (77)
Payables and accruals	**(84)**	(447)	**75**	(679)
Supplies and other	**(6)**	19	**(18)**	(14)
	$ (211)	$ (414)	**$ (66)**	$ (770)
Non-cash transactions:				
Mining property assets acquired under finance leases	**$ 142**	$ 274	**$ 1,599**	$ 1,857

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified, where necessary, to conform to the current period's presentation.

18. SUBSEQUENT EVENT

On October 20, 2015, the Company completed a non-brokered private placement of 5,000,000 common shares at $1.00 per common share for gross proceeds of $5 million.