WESDOME GOLD MINES LTD.

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Unaudited)

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

	Notes	March 31, 2018	December 31, 2017
Assets			
Current			
Cash and cash equivalents		**$ 26,460**	$ 22,092
Receivables and prepaids	4	**2,719**	3,821
Tax receivable		**2,095**	1,932
Inventories	5	**7,259**	5,314
Total current assets		**38,533**	33,159
Deferred tax assets		**4,286**	5,450
Mining properties, plant and equipment	6	**81,332**	81,375
Exploration properties	7	**64,921**	59,929
Total assets		**$ 189,072**	$ 179,913
Liabilities			
Current			
Payables and accruals	8	**$ 22,133**	$ 17,003
Mining and income tax payable		**1,152**	671
Current portion of obligation under finance leases	9	**2,506**	2,541
Total current liabilities		**25,791**	20,215
Obligation under finance leases	9	**3,359**	3,983
Deferred tax liability		**6,457**	6,300
Decommissioning provisions	10	**11,296**	11,192
Total liabilities		**46,903**	41,690
Equity			
Equity attributable to owners of the Company			
Capital stock	11	**164,509**	164,161
Contributed surplus		**4,673**	3,967
Deficit		**(27,013)**	(29,905)
Total equity attributable to owners of the Company		**142,169**	138,223
Total liabilities and equity		**$ 189,072**	$ 179,913

On behalf of the Board:

/s/ Duncan Middlemiss — *Director*

/s/ Charles Main — *Director*

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.

Condensed Interim Consolidated Statements of Income and Comprehensive Income

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

	Notes	Three Months Ended March 31, 2018	2017
Revenues from gold sales		**$ 26,217**	$ 20,100
Cost of sales	14	**18,764**	16,118
Gross profit		**7,453**	3,982
Other expenses			
Corporate and general		**1,077**	1,431
Share-based payments	12	**867**	864
Kiena care and maintenance		**456**	221
Write-off of mining equipment		**281**	-
		2,681	2,516
Operating income		**4,772**	1,466
Interest on long-term debt	15	**(51)**	(260)
Accretion of decommissioning provisions	10	**(104)**	(172)
Interest and other		**44**	101
Income before mining and income tax		**4,661**	1,135
Mining and income tax expense			
Current		**481**	-
Deferred		**1,321**	440
		1,802	440
Net income and total comprehensive income		**$ 2,859**	$ 695
Earnings per share			
Basic	13	**$ 0.02**	$ 0.01
Diluted	13	**$ 0.02**	$ 0.01
Weighted average number of common shares (000s)			
Basic	13	**134,132**	130,658
Diluted	13	**135,148**	133,736

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)

	Notes	Capital Stock	Contributed Surplus	Equity Component of Convertible Debentures	Deficit	Total Equity
Balance,December 31,2016		$ 156,402	$ 2,173	$ 932	$ (32,106)	$ 127,401
Net income for the period ended March 31, 2017		-	-	-	695	695
Exercise of options		1,670	-	-	-	1,670
Conversion of convertible debentures		2,075	-	(278)	278	2,075
Value attributed to options exercised		808	(808)	-	-	-
Value attributed to options expired		-	(13)	-	13	-
Share-based payments	12	-	864	-	-	864
Balance, March 31, 2017		$ 160,955	$ 2,216	$ 654	$ (31,120)	$ 132,705
Balance,December 31,2017		**$ 164,161**	**$ 3,967**	**$ -**	**$ (29,905)**	**$ 138,223**
Net income for the period ended March 31, 2018		**-**	**-**	**-**	**2,859**	**2,859**
Exercise of options	11, 12	**220**	**-**	**-**	**-**	**220**
Value attributed to options exercised	11, 12	**128**	**(128)**	**-**	**-**	**-**
Value attributed to options expired		**-**	**(33)**	**-**	**33**	**-**
Share-based payments	12	**-**	**867**	**-**	**-**	**867**
Balance, March 31, 2018		**$ 164,509**	**$ 4,673**	**$ -**	**$ (27,013)**	**$ 142,169**

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)

	Notes	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Operating activities			
Net income		**$ 2,859**	$ 695
Depletion and depreciation		**3,321**	2,145
Deferred mining and income taxes		**1,321**	440
Mining tax refund		**-**	900
Share-based payments	12	**867**	864
Decommissioning provisions	10	**104**	172
Interest paid		**51**	86
Accretion of discount on convertible debentures		**-**	90
Write-off of mining equipment		**281**	-
		8,804	5,392
Net changes in non-cash working capital	16	**3,619**	(1,074)
Net cash from operating activities		**12,423**	4,318
Financing activities			
Exercise of options	11	**220**	1,670
Finance lease payments		**(659)**	(645)
Interest paid		**(51)**	(86)
Net cash from (used in) financing activities		**(490)**	939
Investing activities			
Additions to mining properties		**(3,556)**	(3,803)
Additions to exploration properties		**(4,992)**	(5,788)
Funds released from restricted cash		**-**	6,920
Net changes in non-cash working capital	16	**983**	247
Net cash used by investing activities		**(7,565)**	(2,424)
Increase in cash and cash equivalents		**4,368**	2,833
Cash and cash equivalents, beginning of period		**22,092**	26,760
Cash and cash equivalents, end of period		**$ 26,460**	$ 29,593
Cash and cash equivalents consist of:			
Cash		**$ 17,460**	$ 12,703
Term deposits		**9,000**	16,890
		$ 26,460	$ 29,593

See accompanying notes to the condensed interim consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Wesdome Gold Mines Ltd. ("Wesdome" 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, together called the "Eagle River Mine Complex", the Moss Lake property in Thunder Bay, Ontario, and the Kiena Mining and Milling Complex ("Kiena Mine 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, Ontario, Canada, 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, 2017.

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, 2017.

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 3 to the Company's consolidated financial statements for the year ended December 31, 2017.

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

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 1, 2018.

3. ACCOUNTING PRONOUNCEMENTS

A. Adoption of New Accounting Pronouncements

The Company has adopted the following new accounting pronouncement in the beginning 2018:

(i) IFRS 9 – Financial instruments: Classification and measurement

The pronouncement establishes two primary measurement categories for financial assets – amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics, including a new expected credit loss impairment model; and eliminates existing held to maturity, available for sale and loans and receivable categories. The adoption of this new pronouncement does not have a significant impact on these consolidated financial statements.

(ii) IFRS 15 – Revenue from contract with customers

This new accounting pronouncement establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The adoption of this accounting pronouncement does not have a significant impact on its consolidated financial statements.

B. Upcoming Changes in Accounting Standards

IFRS 16 – Leases

This new accounting pronouncement, which supersedes IAS 17 – Leases and will be effective for periods beginning on or after January 1, 2019, eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, the new accounting standard sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. The Company plans to apply IFRS 16 at the date it becomes effective. The adoption of this accounting pronouncement will not have a significant impact on these consolidated financial statements.

4. RECEIVABLES AND PREPAIDS

	March 31, 2018	December 31, 2017
Vendor deposits	**$ 2,345**	$ 1,649
Prepaids, deposits and other	**374**	556
Receivable from gold sale	**-**	1,616
	$ 2,719	$ 3,821

5. INVENTORIES

	Note	**March 31, 2018**	December 31, 2017
Gold in process	5(i), (ii)	**$ 4,080**	$ 2,900
Supplies		**2,057**	2,007
Ore stockpiles	5(iii)	**1,122**	407
		$ 7,259	$ 5,314

(i) Gold in process inventory consists of both gold doré and gold in process that are awaiting the completion of the final refining process into saleable gold, expected within one month of the financial statement date.
(ii) Gold in process inventory includes Mishi inventory carried at net realizable value of $529,000 after a write-down of $271,000 (Mishi gold in process inventory as at December 31, 2017 were carried at costs).
(iii) Ore stockpiles include Mishi stockpile carried at net realizable value of $396,000 after a write-down of $415,000 (ore stockpiles as at December 31, 2017 were carried at costs). (For the three months ended March 31, 2017, the Mishi ore stockpile was carried at net realizable value of $141,000 after a write-down of $111,000.)

6. MINING PROPERTIES, PLANT AND EQUIPMENT

		Eagle River Mine Complex			Kiena Mine Complex			
	Note	**Mining Properties**	**Plant and Equipment**	**Subtotal**	**Mining Properties**	**Plant and Equipment**	**Subtotal**	**Total**
Gross Carrying Amount								
Balance, December 31, 2016		$103,592	$ 17,405	$120,997	$ 35,201	$ 689	$ 35,890	$156,887
Additions		14,581	3,405	17,986	-	7	7	17,993
Decommissioning adjustment	9	502	-	502	-	-	-	502
Write-down of mining equipment		-	(316)	(316)	-	-	-	(316)
Disposals		-	(928)	(928)	-	(114)	(114)	(1,042)
Balance, December 31, 2017		$118,675	$ 19,566	$138,241	$ 35,201	$ 582	$ 35,783	$174,024
Additions		**3,450**	**106**	**3,556**	**-**	**-**	**-**	**3,556**
Write-off of mining equipment		**-**	**(342)**	**(342)**	**-**	**-**	**-**	**(342)**
Balance, March 31, 2018		**$122,125**	**$ 19,330**	**$141,455**	**$ 35,201**	**$ 582**	**$ 35,783**	**$177,238**
Accumulated Depletion and Write-downs								
Balance, December 31, 2016		$ (39,792)	$ (7,158)	$ (46,950)	$ (35,201)	$ (495)	$ (35,696)	$ (82,646)
Depletion		(8,647)	(2,069)	(10,716)	-	(25)	(25)	(10,741)
Accumulated depletion on disposals		-	658	658	-	80	80	738
Balance, December 31, 2017		(48,439)	(8,569)	(57,008)	(35,201)	(440)	(35,641)	(92,649)
Depletion		**(2,457)**	**(854)**	**(3,311)**	**-**	**(7)**	**(7)**	**(3,318)**
Write-off of mining equipment		**-**	**61**	**61**	**-**	**-**	**-**	**61**
Balance, March 31, 2018		**$ (50,896)**	**$ (9,362)**	**$ (60,258)**	**$ (35,201)**	**$ (447)**	**$ (35,648)**	**$ (95,906)**
Net carrying amount,								
December 31, 2017		$ 70,236	$ 10,997	$ 81,233	$ -	$ 142	$ 142	$ 81,375
March 31, 2018		**$ 71,229**	**$ 9,968**	**$ 81,197**	**$ -**	**$ 135**	**$ 135**	**$ 81,332**

(i) Eagle River Mine Complex

The Eagle River Mine Complex consists of the Eagle River Mine, the Mishi Mine and the Eagle River Mill and all related infrastructure and equipment.

The Eagle River Mine is subject to a 2% net smelter return royalty.

(ii) Kiena Mine Complex

The Kiena Mine Complex consists of the Kiena Mine concession, Kiena Mill, related infrastructure and equipment and land position in the Township of Dubuisson, Quebec.

The Kiena Mine Complex is not subject to royalties.

7. EXPLORATION PROPERTIES

	Kiena Group	Moss Lake Group	Mishi/Eagle Group	Total
Balance, December 31, 2016	$ 23,717	$ 5,704	$ 8,952	$ 38,373
Exploration expenditures	14,040	4,379	3,137	21,556
Balance, December 31, 2017	37,757	10,083	12,089	59,929
Exploration expenditures	**4,962**	**17**	**13**	**4,992**
Balance, March 31, 2018	**$ 42,719**	**$ 10,100**	**$ 12,102**	**$ 64,921**

8. PAYABLE AND ACCRUALS

	March 31, 2018	December 31, 2017
Trades payable	**$ 13,675**	$ 11,668
Payroll related payable	**2,998**	3,685
Customer deposit	**3,115**	-
Advances under finance lease	**2,345**	1,650
	$ 22,133	$ 17,003

Customer deposit consists of cash received from a customer for an agreement to sell 1,800 ounces of gold at a price of $1,731 per ounce subsequent to March 31, 2018.

9. OBLIGATION UNDER FINANCE LEASES

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

	March 31, 2018	December 31, 2017
Not later than one year	**$ 2,659**	$ 2,715
Later than one year and not later than five years	**3,453**	4,107
Total minimum lease payments	**6,112**	6,822
Less: Interest portion at the weighted average interest rate of 3.3% (2017: 3.3%)	**247**	298
Total obligations under finance leases, secured by equipment	**5,865**	6,524
Less: Current portion	**2,506**	2,541
Long-term portion	**$ 3,359**	$ 3,983

The cost of equipment under finance leases at March 31, 2018 is $10,042,000 (December 31, 2017: $11,252,000) with related accumulated depreciation of $3,238,000 (December 31, 2017: $2,988,000). These assets are included in plant and equipment.

10. DECOMMISSIONING PROVISIONS

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

	March 31, 2018	December 31, 2017
Balance, beginning of period / year	**$ 11,192**	$ 10,480
Accretion expense for the period / year	**104**	368
Change in provisions	**-**	(158)
Changes to estimates - Eagle River Complex	**-**	502
	$ 11,296	$ 11,192

Accretion expense for the three months ended March 31, 2017 was $172,000.

11. 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, 2016	130,310,076	$ 156,402
Conversion of convertible debentures	1,972,000	4,912
Exercise of options	1,607,722	2,847
Balance, December 31, 2017	133,889,798	164,161
Exercise of options	**316,948**	**348**
Balance, March 31, 2018	**134,206,746**	**$ 164,509**

12. SHARE-BASED COMPENSATION PLAN

Up until May 3, 2017, the Company had an equity settled common share purchase plan (the “Stock Option Plan”) under which the Board of Directors may grant options to purchase common shares to directors, officers, employees and independent contractors of Wesdome and/or its affiliates (collectively, the “Service Providers”). The maximum aggregate number of common shares under option at any time pursuant to the Stock Option Plan was 10% of the issued and outstanding common shares at the time of the grant.

On May 3, 2017, the shareholders of the Company approved the 2017 omnibus equity incentive plan (the “2017 Omnibus Plan”) pursuant to which it is able to issue share-based long-term incentives. All Service Providers are eligible to receive Awards, as defined below, under the 2017 Omnibus Plan.

The 2017 Omnibus Plan replaced the Company’s existing Stock Option Plan which remains in effect, but no further options will be issued thereunder.

The types of awards available under the 2017 Omnibus Plan include options, restricted share units (“RSUs”), performance share units (“PSUs”), deferred share units (“DSUs”) and dividend-equivalent rights (“DERs”) (collectively, "Awards"). Under the 2017 Omnibus Plan, the maximum number of common shares issuable from treasury pursuant to Awards shall not exceed 10% of the total outstanding common shares from time to time less the number of common shares issuable pursuant to all other security-based compensation arrangements of Wesdome (being the Stock Option Plan).

As at March 31, 2018, Awards to purchase 5,555,509 common shares of Wesdome were available for grant under the Omnibus Plan.

The following table reflects the continuity of options granted for the three months ended March 31, 2018 and 2017.

	March 31, 2018		March 31, 2017	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**6,082,388**	**1.92**	6,561,688	1.52
Granted	**1,742,327**	**1.96**	265,000	3.62
Exercised	**(316,948)**	**0.69**	(1,420,000)	1.18

Expired	**(5,000)**	**0.85**	(15,000)	1.74
Forfeited	**(25,000)**	**3.09**	-	-
Outstanding, end of period	**7,477,767**		5,391,688	1.71

The weighted average share price at the date of exercise for stock options exercised during the three months ended March 31, 2018 and 2017 was $1.95 and $3.28, respectively.

On March 26, 2018, the Company granted 1,742,327 stock options and 387,399 RSUs (first grant) to its employees and officers, under its 2017 Omnibus Plan. Of the 1,742,327 stock options granted, 1,217,327 stock options have a three-year vesting term commencing on March 26, 2019; and the remaining 525,000 stock options vest immediately. The RSUs granted have also a three-year vesting term commencing on March 26, 2019.

The fair value of the stock options and RSUs awarded to employees and officers that will eventually vest, determined as of the date of grant, is recognized as share-based compensation expense over the vesting period of the stock options and RSUs, with a corresponding increase to contributed surplus. The fair value of stock options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant and the fair value of RSUs is the market value of the underlying shares as of the date of grant.

For the three months ended March 31, 2018 and 2017, grant date fair value estimates were based on the following variables:

	March 31, 2018	March 31, 2017
Weighted average fair value, per option ($)	**0.80**	1.54
Weighted average risk-free interest rate (%)	**1.74**	0.77
Weighted average volatility (%)	**60.0**	63.0
Expected life (years)	**3.0**	3.0
Forefeiture rate (%)	**6.0**	-

The fair value compensation and contributed surplus relating to stock options was $867,000 for the three months ended March 31, 2018 (2017: $864,000).

The following table outlines share options outstanding at March 31, 2018:

	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	581,818	0.95	0.72	581,818	0.95
$1.00 - $1.50	1,255,000	2.42	1.21	1,255,000	2.42
$1.51 - $2.00	2,972,327	4.29	1.84	1,475,000	3.92
$2.01 - $2.50	1,805,200	3.85	2.46	812,700	3.72
$					
$3.01 - $4.00	863,422	4.12	3.38	307,500	4.03
	7,477,767	3.59	1.98	4,432,018	3.08

13. EARNINGS PER SHARE

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Earnings available to common shareholders	**$ 2,859**	$ 695
Weighted average number of shares, basic (000s)	**134,132**	130,658
Dilutive securities – options and RSUs (000s)	**1,016**	3,078
Weighted average number of shares, diluted (000s)	**135,148**	$ 133,736
Basic earnings per share	**$ 0.02**	$ 0.01
Diluted earnings per share	**$ 0.02**	$ 0.01
Number of shares excluded from diluted earnings per share calculation due to anti-dilutive effect:		
Options (000s)	**4,466**	265

14. COST OF SALES

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Mining and processing		
Mining	**$ 8,886**	$ 8,322
Processing	**3,756**	3,591
Site administration and camp costs	**4,161**	3,390
Change in inventories [1]	**(1,899)**	(1,758)
	14,904	13,545
Royalties	**539**	428
Depletion and depreciation	**3,321**	2,145
	$ 18,764	$ 16,118

[1] Includes an increase in bullion and in-circuit inventory of $1,184,000 and $2,474,000 for the three months March 31, 2018 and 2017, respectively.

15. INTEREST ON LONG-TERM DEBT

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Interest on convertible debentures	**$ -**	$ 114
Accretion of discount on convertible debentures	**-**	90
Interest on obligations under finance leases	**51**	56
	$ 51	$ 260

16. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Net changes in non-cash working capital		
Operating activities		
Receivables and prepaids	**$ 972**	$ (670)
Payables and accruals	**4,104**	1,463
Mining and income tax payable	**481**	1,463
Gold in process and ore stockpiles	**(1,898)**	(1,757)
Supplies and other	**(40)**	(110)
	$ 3,619	$ (1,074)
Investing activities		
Receivables and prepaids	**$ (33)**	$ (92)
Payables and accruals	**1,026**	366
Supplies and other	**(10)**	(27)
	$ 983	$ 247
Non-cash transactions:		
Vendor deposit	**$ 2,345**	$ -
Conversion of debt into capital stock	**-**	2,075
Mining property assets acquired under finance leases	**-**	1,203
	$ 2,345	$ 3,278

17. FINANCIAL INSTRUMENTS AND RELATED 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:

March 31, 2018

	Financial Assets at amortized cost	Financial Liabilities at amortized cost	Total Carrying Amount	Fair Value
Cash and cash equivalents	**$ 26,460**	**$ -**	**$ 26,460**	**$ 26,460**
Receivable and prepaids	**2,719**	**-**	**2,719**	**2,719**
Tax receivable	**2,095**	**-**	**2,095**	**2,095**
Total assets	**$ 31,274**	**$ -**	**$ 31,274**	**$ 31,274**
Payables and accruals	**$ -**	**$ 22,133**	**$ 22,133**	**$ 22,133**
Mining and income tax payable	**-**	**1,152**	**1,152**	**1,152**
Obligations under finance lease	**-**	**5,865**	**5,865**	**5,865**
Total liabilities	**$ -**	**$ 29,150**	**$ 29,150**	**$ 29,150**

December 31, 2017

	Financial Assets at amortized cost	Financial Liabilities at amortized cost	Total Carrying Amount	Fair Value
Cash and cash equivalents	$ 22,092	-	$ 22,092	$ 22,092
Receivables and prepaids	3,821	-	3,821	3,821
Tax receivable	1,932	-	1,932	1,932
Total assets	$ 27,845	$ -	$ 27,845	$ 27,845
Payables and accruals	$ -	$ 17,003	$ 17,003	$ 17,003
Mining and income tax payable	-	671	671	671
Lease obligation	-	6,524	6,524	6,524
Total liabilities	$ -	$ 24,198	$ 24,198	$ 24,198

The fair value of cash and cash equivalents, receivables, restricted funds and payables approximate their carrying amounts due to their short-term nature. The fair value of obligations under finance leases approximates their carrying values due to current market rates and consistency of credit spread. 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).

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 instrument and related risks

1) Market Risk

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

(a) Commodity price risk

The Company's financial performance is closely linked to the price of gold which is impacted by world economic events that dictate the levels of supply and demand. The Company had no gold price hedge contracts in place as at or during the three months ended March 31, 2018 and 2017.

(b) Foreign currency exchange risk

The Company's revenue is exposed to changes in foreign exchange rates as the Company's primary product, gold, is priced in U.S. dollars. The Company had no forward exchange rate contracts in place and no foreign currency holdings as at or during the three months ended March 31, 2018 and 2017.

(c) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash has in the past included highly liquid investments that earn interest at market rates. Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

2) Liquidity Risk

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

The following table shows the timing of cash outflows relating to payables and accruals, finance leases and other financial obligations as at March 31, 2018:

	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables and accruals	$ 22,133	$ -	$ -	$ -
Mining and income tax liabilities	1,152	-	-	-
Obligations under finance leases	2,659	2,396	1,057	-
Operating leases	360	360	1,080	-
Decommissioning liabilities	-	7,027	-	5,897
Permitting fees	155	-	-	-
Total	$ 26,459	$ 9,783	$ 2,137	$ 5,897

3) *Credit Risk*

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company minimizes its credit risk by selling its gold exclusively to financial institutions. The Company's receivables consist primarily of government refunds and credits and advances to vendors on projects at the mine. The Company estimates its maximum exposure to be the carrying value of cash and cash equivalents and receivables.

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

18. QUEBEC EXPLORATION CREDITS CONTINGENCY

In 2011, the Company paid $5,267,828 in tax reassessments and interests made by Revenu Québec for exploration credits claimed in 2005 and 2006 relating to the Kiena exploration properties. The Company was successful in appealing the assessments for both years.

In April 2016, Revenu Québec appealed the decisions of the Court of Quebec (the "April 2016 Appeal"), however it refunded $2,620,000 of the reassessed amounts in July 2016. On March 28, 2018, the Company was successful in defending the April 2016 Appeal. Revenue Québec has 60 days after the decision made by the Québec Court of Appeal to determine its next course of action, which may include a further appeal to the Supreme Court of Canada. However, should Revenue Québec decide to abandon the litigation, the Company will be entitled to the refund of the remaining balance of $2,647,828 tax assessment payment.

The Kiena mining assets were written off after being placed on care and maintenance in 2013 and accordingly, the Company recorded as income in 2016 the $2,620,000 refund it received during that year. The Company will recognize as income the $2,647,828 tax assessment refund when it is determined that there is reasonable assurance of receiving the amount.