WESDOME

WESDOME GOLD MINES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED

DECEMBER 31, 2015 AND 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Wesdome Gold Mines Ltd.'s ("Wesdome" or "the Company") audited consolidated financial statements for the years ended December 31, 2015 and 2014, 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 March 29, 2016.

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

The 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. 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.

The non-IFRS 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 and per tonne milled, all-in sustaining costs per ounce of gold, adjusted cash flow, operating cash flow per share, free cash flow, free cash flow per share, adjusted net income/loss and adjusted net income/loss per share.

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

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

Abbreviation	*Period*	*Abbreviation*	*Period*
Q4 2015	*October 1, 2015 – December 31, 2015*	**Q4 2014**	*October 1, 2014 – December 31, 2014*
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*

BUSINESS OVERVIEW

Wesdome is a public company existing under the laws of Ontario. The common shares of the Company are listed on the Toronto Stock Exchange ("TSX") under the symbol "WDO". The registered and principal office of the Company is located at 8 King Street East, Suite 811, Toronto, Ontario, M5C 1B5.

Wesdome is in its 28th year of continuous gold mining operations in Canada. The Company is currently producing gold at the Eagle River Complex located near Wawa, Ontario from the underground Eagle River and open pit Mishi gold mines. Wesdome's goal is to expand current operations at both mines over the next four years through mill expansion and exploration. Wesdome maintains organic growth through ownership of its two other gold properties, the Kiena Mine Complex ("Kiena") in Val d'Or, Quebec and the Moss Lake gold deposit located 100 kilometres ("km") west of Thunder Bay, Ontario. These assets are being explored and evaluated to be developed in the appropriate gold price environment.

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.

Financial Results – 4th Quarter and Annual					
	Quarter ended December 31			**Year ended December 31**	
	2015	2014		**2015**	2014
(in $000, except per share amounts)					
Revenue	**23,622**	20,922		**73,465**	82,441
Mine operating profit	**7,767**	5,545		**17,680**	28,614
Net income (loss)	**1,110**	2,589		**(4,701)**	11,876
Net income adjusted for Kiena	**1,977**	2,889		**3,186**	13,737
Basic net income (loss) per share	**0.01**	0.02		**(0.04)**	0.11
Basic net income per share adjusted for Kiena	**0.02**	0.03		**0.03**	0.13
Cash flows from operating activities	**5,153**	4,192		**10,055**	23,269
Cash flows from operating activities adjusted for Kiena	**5,783**	4,492		**12,771**	25,130
Cash and cash equivalents	**15,424**	15,408		**15,424**	15,408
Working capital	**12,507**	12,565		**12,507**	12,565

Operational results – 4th Quarter and Annual					
	Quarter ended December 31			**Year ended December 31**	
	2015	2014		**2015**	2014
Eagle tonnes milled	**42,185**	27,798		**173,189**	123,374
Mishi tonnes milled	**33,100**	31,859		**132,038**	67,149
Total tonnes milled	**75,285**	59,657		**305,227**	190,523
Eagle grade (gpt)	**8.7**	12.5		**7.4**	12.1
Mishi grade (gpt)	**1.9**	1.8		**2.2**	2.1
Eagle ounces produced	**11,625**	11,183		**41,013**	48,190
Mishi ounces produced	**1,945**	1,798		**9,457**	4,567
Total ounces produced	**13,570**	12,981		**50,470**	52,757
Ounces sold	**16,023**	15,188		**49,804**	58,230
Average realized price (CAD$/oz)	**1,474**	1,378		**1,475**	1,416
Average realized price (US$/oz)	**1,104**	1,185		**1,153**	1,272
Production cash costs (CAD$/oz)	**1,029**	1,011		**1,115**	955
Production cash costs/oz (US$/oz)	**770**	869		**872**	858
All-in-sustaining costs (CAD$/oz)	**1,388**	1,428		**1,542**	1,345
All-in-sustaining costs (US$/oz)	**1,039**	1,229		**1,206**	1,210

2015 HIGHLIGHTS

- Gold production of 50,470 ounces
    - Eagle River underground production of 41,013 ounces at a recovered grade of 7.4 grams per tonne (“gpt”)
    - Mishi Open Pit mine production of 9,457 ounces at a recovered grade of 2.2 gpt
- Total mill throughput of 305,227 tonnes averaging 836 tonnes per calendar day
- Revenue of $73.5 million on gold sales of 49,804 ounces at an average realized price of $1,475 per ounce
- Mine operating profit of $17.7 million
- Net loss of $4.7 million, or $(0.04) per share; and net income of $3.2 million, or $0.03 per share, after adjusting for $7.9 million of Kiena mill decommissioning and care and maintenance costs
- Operating cash flow of $10.1 million or $0.09 per share, and after adjusting for Kiena care and maintenance costs operating cash flow was $12.8 million or $0.11 per share
- Production cash costs per ounce were $1,115 (US$872)
- All-in sustaining costs per ounce (“AISC”) on a production basis were $1,542 (US$1,206)
- Cash and cash equivalents of $15.4 million, 2,228 ounces gold bullion in inventory at market price of $3.3 million and working capital of $12.5 million as at December 31, 2015
- Proven and probable reserves at the Eagle River and Mishi mines total 431,000 ounces at December 31, 2015, a 12% increase from the prior year after depletion of 50,470 ounces in the current year

2015 FOURTH QUARTER HIGHLIGHTS

- Gold production of 13,570 ounces
  - Eagle River gold production of 11,625 ounces at a recovered grade of 8.7 gpt
  - Mishi gold production of 1,945 ounces at a recovered grade of 1.9 gpt
- Total mill throughput of 75,285 tonnes averaging 818 tonnes per calendar day
- Revenue of $23.6 million on gold sales of 16,023 ounces at an average realized price of $1,474 per ounce
- Mine operating profit of $7.8 million
- Net income of $1.1 million or $0.01 per share; and net income of $2 million or $0.02 per share, after adjusting for $0.9 million of Kiena mill decommissioning and care and maintenance costs
- Operating cash flow of $5.2 million or $0.04 per share, and after adjusting for Kiena care and maintenance costs operating cash flow was $5.8 million or $0.05 per share
- Production cash costs per ounce were $1,029 (US$770)
- AISC per ounce on a production basis were $1,388 (US$1,039)
- Completed a non-brokered private placement by insiders of the Company by issuing 5 million common shares at $1.00 per common share for gross proceeds of $5 million
- Completed a private placement of 1,818,182 flow-through common shares of the Company at a price of $1.65 per flow-through share for gross proceeds of $3,000,000

OUTLOOK

During Q3 2015, the Company announced its 2016 - 2019 production guidance and mine plan at the Eagle River Complex. Over the course of 2017, subject to permitting, the Company plans on increasing mill capacity to 1,500 tpd, constructing a new tailings management facility and increasing mining rates at the Mishi Mine. The Company expects these operational improvements can be achieved with modest capital investment and will facilitate significantly higher production in years 2018 and 2019 of 72,000 – 82,000 ounces per year.

Production in 2016 at the Eagle River Complex was forecasted to range between 54,000 – 60,000 ounces of gold with 43,000 – 47,000 ounces from the Eagle River Mine and 11,000 – 13,000 ounces attributed to the Mishi Mine. At present, the Company anticipates achieving the lower range of its 2016 overall production forecast. We forecast Q1 overall production of approximately 8,300 ounces with 5,500 ounces from Eagle River and 2,800 ounces from Mishi; and Q2 overall production of approximately 12,000 ounces with 9,000 ounces coming from Eagle River and 3,000 ounces from Mishi. Due to the Eagle River mining sequence, we expect grade and tonnage to increase from current levels in the second half of this year. Q1 2016 production from Eagle was constrained to the extraction of lower grade remnant reserve blocks in the upper parts of the mine as development of higher grade reserve blocks was slower than anticipated due to scooptram mechanical issues. In order to improve development and production at Eagle River, the Company will continue its sustaining capital program including adding rental equipment to supplement its mobile fleet while it awaits the delivery of budgeted scooptrams in Q2 2016. Faulty blasting equipment was also replaced in Q1 to ensure successful blast initiations. Mishi Mine production continues to deliver on target with an ore stockpile of around 35,000 tonnes at the mill. The Company is examining its exploration success at the 7 Zone at Eagle River to quickly determine if it can be fully developed to supplement this year's production, two years ahead of schedule.

During 2016, Wesdome plans to significantly increase its drilling budget by spending $6.3M at the Eagle River Complex.

At the Eagle River Mine, the underground drilling program will consist of 40,000 metres ("m") of exploration drilling (versus 17,000 m in 2015) and an additional surface drill program will consist of 25,000 m (versus nil in 2015). This major surface drilling program at Eagle River will test for parallel zones down to 600 m depth to the north of the mine, which to date has not been explored. The exploration drilling budget will increase to ~$4.5M (~$1.0M in 2015) at Eagle River with three underground drills (up from two in 2015), and two surface drills. Underground drilling will target parallel gold zones (7 and 300 Zones) to the north where recent exploration results have indicated high grade potential (see press release dated November 30, 2015).

At the Mishi Mine, the Company will increase its surface drilling to 25,000 m focused to the west of the mine on the Windarra property. To date, the Mishi Mine has produced 423,000 tonnes at a recovered grade of 2.7 gpt producing 37,000 ounces of gold. The current open pit has a length of 400 m and a planned depth of 70 m. In 2015, definition drilling at 25 m centres confirmed mineralization over a total length of 1,300 m. In 2016, the Company intends to triple its exploration budget to ~$1.8M (~$0.5M in 2015) at Mishi with the purpose of exploring for resources at depth and assessing the potential of the mineralized system to the west and north where it remains open. Additionally, geotechnical studies will be initiated to examine the merits of deepening the pit to incorporate substantial Indicated Resources identified to a depth of 110 m.

APPOINTMENT OF NEW DIRECTORS AND CFO

In July 2015, the Company appointed Charles Page, P.Geo, to the Board of Directors and in February 2016 as Chairman of the board. 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.

In September 2015, Hemdat Sawh, CPA, CA was appointed to the position of Chief Financial Officer of the Company. Mr. Sawh has significant knowledge of the operations of the Company, as he was a director of the Company for the past seven years. 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. Over the course of approximately ten years, Mr. Sawh served as Chief Financial Officer for several TSX listed mining companies with operations in Mexico, Venezuela and Burkina Faso.

In February 2016, Ms. Nadine Miller, P.Eng was appointed as an independent director. Ms. Miller is a trained Geotechnical Engineer with over 15 years of experience in geotechnical engineering and project management in the mining and transportation industries, and has worked on mining projects in Australia, Europe, North and South America. She has undertaken geotechnical mandates for projects ranging in size from less than $100k to projects greater than $1B. She was most recently a Business Development Manager with SNC-Lavalin's Mining and Metallurgy business unit. Ms. Miller is a graduate of the Massachusetts Institute of Technology (MIT) with a Master's degree in Civil and Environmental Engineering (specializing in geotechnical engineering), and has a Bachelor of Applied Science degree from the University of Toronto in Mineral and Geological Engineering. She is a licensed professional Engineer in the Province of Ontario.

SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2015, 502,646 stock options were exercised at an average price of $0.85 for gross proceeds of $427,000.

QUARTERLY FINANCIAL AND OPERATIONAL RESULTS

(in $000 except per share amount and unless otherwise stated)	**2015**					2014				
	YTD	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Financial results										
Gold revenue	**73,465**	**23,622**	18,199	17,202	14,442	82,441	20,922	22,342	16,044	23,133
Mine operating profit *	**17,680**	**7,767**	5,253	3,103	1,557	28,614	5,545	6,984	6,363	9,722
Net (loss) income	**(4,701)**	**1,110**	(4,294)	(746)	(771)	11,876	2,589	2,238	2,878	4,171
Net income (loss) (adjusted for Kiena)*	**3,186**	**1,977**	1,575	(88)	(278)	13,737	2,889	2,955	3,255	4,638
Operating cash flow	**10,055**	**5,153**	3,333	1,436	133	23,269	4,192	5,585	5,264	8,228
Free cash flow *	**(5,719)**	**2,736**	(626)	(2,547)	(5,282)	6,986	88	1,156	1,130	4,611
Free cash flow (adjusted for Kiena)*	**(3,003)**	**3,366**	309	(1,889)	(4,789)	8,846	388	1,873	1,507	5,078
Per share information:										
Basic income (loss)	**(0.04)**	**0.01**	(0.04)	(0.01)	(0.01)	0.11	0.02	0.02	0.03	0.04
Operating cash flow *	**0.09**	**0.04**	0.03	0.01	0.00	0.21	0.04	0.05	0.05	0.08
Free cash flow *	**(0.05)**	**0.02**	(0.01)	(0.02)	(0.05)	0.06	0.00	0.01	0.01	0.04
Free cash flow (adjusted for Kiena)*	**(0.03)**	**0.03**	0.00	(0.02)	(0.04)	0.08	0.00	0.02	0.01	0.05
Cash and cash equivalents	**15,424**	**15,424**	3,705	4,067	9,929	15,408	15,408	10,740	8,253	7,881
Working capital	**12,507**	**12,507**	2,977	3,287	6,605	12,565	12,565	13,555	13,579	12,127
Total assets	**128,387**	**128,387**	117,704	117,219	117,914	116,607	116,607	109,987	109,897	105,352
Total non-current financial liabilities	**17,694**	**17,694**	17,055	12,131	11,102	11,264	11,264	9,955	9,905	9,528
Operational results										
Milling (tonnes)										
Eagle River Mine	**173,189**	**42,185**	44,849	46,340	39,815	123,374	27,798	33,377	31,713	30,486
Mishi Mine	**132,038**	**33,100**	43,336	36,313	19,289	67,149	31,859	20,249	3,014	12,027
Total milled	**305,227**	**75,285**	88,185	82,653	59,104	190,523	59,657	53,626	34,727	42,513
Total tonnes/calendar day	**836**	**818**	959	908	657	522	648	583	382	472
Recovered grades (gpt)										
Eagle River Mine	**7.4**	**8.7**	7.4	6.6	7.0	12.1	12.5	10.1	13.1	13.0
Mishi Mine	**2.2**	**1.9**	2.6	2.3	2.0	2.1	1.8	2.4	2.1	2.5
Production (ounces)										
Eagle River Mine	**41,013**	**11,625**	10,637	9,848	8,903	48,190	11,183	10,873	13,386	12,748
Mishi Mine	**9,457**	**1,945**	3,647	2,628	1,237	4,567	1,798	1,583	204	982
Total gold produced	**50,470**	**13,570**	14,284	12,476	10,140	52,757	12,981	12,456	13,590	13,730
Gold sales (ounces)	**49,804**	**16,023**	12,408	11,740	9,633	58,230	15,188	15,878	11,179	15,985
Mishi Mine										
Ore mined (tonnes)	**125,167**	**32,531**	46,338	28,685	17,613	23,449	23,449	-	-	-
Waste mined (tonnes)	**643,396**	**197,727**	99,969	156,615	189,085	84,250	84,250	-	-	-
Strip ratio	**5.1**	**6.1**	2.2	5.5	10.7	3.6	3.6	-	-	-
Stockpile balance (tonnes)	**13,641**	**13,641**	13,500	23,838	10,499	25,513	25,513	45,153	66,402	69,416
Eagle River Complex (per oz performance)										
Per ounce data, sales basis *										
Average realized price	**1,475**	**1,474**	1,467	1,465	1,499	1,416	1,378	1,407	1,435	1,447
Production cash costs	**1,120**	**990**	1,043	1,201	1,338	924	1,012	967	866	839
Cash margin	**355**	**484**	424	264	161	492	366	440	569	608
All-in sustaining costs	**1,553**	**1,293**	1,474	1,648	1,971	1,278	1,369	1,290	1,332	1,143
All-in sustaining costs (US$)	**1,214**	**969**	1,126	1,340	1,588	1,148	1,178	1,184	1,222	1,035
Per ounce data, production basis *										
Mine cash costs	**1,115**	**1,029**	994	1,161	1,345	955	1,011	975	859	978
Mine cash costs (US$)	**872**	**770**	760	945	1,084	858	869	895	788	885
All-in sustaining costs	**1,542**	**1,388**	1,368	1,582	1,946	1,345	1,428	1,386	1,242	1,331
All-in sustaining costs (US$)	**1,206**	**1,039**	1,045	1,287	1,569	1,209	1,229	1,273	1,139	1,205
Mine cash costs/tonne milled *	**184**	**185**	161	175	231	264	220	226	336	316

Note:

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

ANNUAL FINANCIAL RESULTS

	Twelve months ended December 31		
(in $000 except per share and per ounce amounts)	**2015**	**2014**	**Variance**
Gold revenue	**73,465**	82,441	(8,976)
Mining operations	**63,791**	62,403	(1,388)
Administration	**4,604**	3,228	(1,376)
Kiena Mine care and maintenance costs	**2,716**	1,861	(855)
Decommissioning provisions and asset write-downs	**5,960**	67	(5,893)
Interest and other items	**985**	473	(512)
Deferred tax expense	**110**	2,533	2,423
	78,166	70,565	(7,601)
Net (loss) income	**(4,701)**	11,876	(16,577)
(Loss) earnings per share	**(0.04)**	0.11	(0.15)
Operating cash flow	**10,055**	23,269	(13,214)
Operating cash flow adjusted for Kiena care and maintenance costs	**12,771**	25,130	(12,359)
Gold produced (ounces)	**50,470**	52,757	(2,287)
Gold sold (ounces)	**49,804**	58,230	(8,426)
Average realized price per ounce ($)	**1,475**	1,416	59
Total production cash costs ($)	**56,288**	50,363	(5,925)
Unit production cash costs/ounce ($)	**1,115**	955	(160)
AISC/ounce on a production basis ($)	**1,542**	1,345	(197)
Eagle River ore milled (tonnes)	**173,189**	123,374	49,815
Eagle River gold produced (ounces)	**41,013**	48,190	(7,177)
Eagle River recovered grade (gpt)	**7.4**	12.1	(4.7)
Mishi ore milled (tonnes)	**132,038**	67,149	64,889
Mishi gold produced (ounces)	**9,457**	4,567	4,890
Mishi recovered grade (gpt)	**2.2**	2.1	0.1
Total ore milled (tonnes)	**305,227**	190,523	114,704

Revenue

Revenue declined by 11% in 2015 due to a 14% decline in gold sales which was offset by a 4% increase in average realized price. Gold production declined 11% due to lower grade ore at Eagle River. The Eagle River lower grade from 12 gpt in 2014 to 7 gpt in 2015, was counteracted by higher mill throughput for both Eagle River and Mishi. In 2015 we produced greater volumes of lower grade ore as planned. Accordingly, mine profit decreased 38% in 2015 compared to 2014 due to reduction in revenue and increased unit cash costs per ounce.

Mining operations

Mining operations which include costs associated with mining, processing, depletion and royalties, increased to $63,791 in 2015 from $62,403 in 2014 due to an increase in mill throughput to 305,227 tonnes in 2015 from 190,523 tonnes in 2014. However, unit production cash costs per ounce increased in 2015 compared to 2014 due to the lower grade at Eagle River. Eagle River mill throughput was 173,189 tonnes in 2015 compared to 123,374 tonnes in 2014. Despite this 40% increase in mill throughput, gold production declined by 9% due to the lower grade. Mishi mill throughput in 2015 increased 97% with a 5% increase in grade which resulted in a 107% increase in gold produced.

All-in sustaining costs on the production basis were $1,542 (US$1,206) per ounce, an increase of 15% compared to 2014 ($1,345; US$1,209 per ounce). This is due mainly to the grade variance at Eagle River and an increase in administration costs as explained below.

Administration

Administration costs which include corporate and general expenses and share based payments, increased due to increased salaries, year end bonuses, stock option grants, regulatory costs and write off of prior year's value-added tax.

Kiena care and maintenace costs

The Kiena mine and mill have been on care and maintenance since July 2013. Costs include utilities, personnel, legal and other related costs. These costs increased in 2015 due to costs associated with bringing underground equipment to surface and increased legal costs for settlement issues with former unionized employees.

Decommissioning provisions and asset write-downs

These costs include $5.2 million (2014: $nil) for additional Kiena mill decommissioning costs, $0.2 million (2014: $nil) write-down of Kiena equipment, $0.3 million (2014: $nil) write-down of exploration properties and $0.3 million (2014: $67K) for accretion of decommissioning costs.

In early October 2015, the Company received approval of a revised closure plan for Kiena. 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 is required to post an additional $6.2 million security ($4.4 million in 2016 and $1.8 million in 2017) mostly relating to decommissioning of the mill and restoration of the mill site. The Company is complying with the requirement to post this amount in several tranches commencing on January 4, 2016 until September 30, 2017. The additional $6.2 million obligation has been discounted over the next four years using a risk adjusted rate of 2.7%. The Company recorded a discounted obligation of $5.2 million and a corresponding asset which was written down simultaneously as the Kiena Complex is under care and maintenance.

The Company has commenced the sale of equipment at Kiena and based on proceeds from recent sales relative to residual values, recorded a write-down of $0.2 million as at December 31, 2015. In addition, the Company recorded a write-down of $0.3 million for certain exploration properties in the vicinity of Kiena based on indications of interest relative to their aggregate carrying value.

Interest and other items

Interest and other items include interest on and accretion of convertible debentures, interest on equipment finance leases, net of interest and other income. The $7 million convertible debentures bear interest at 7% per cent per annum accounting for annual interest expense of $0.5 million. Interest on equipment leases were $0.2 million (2014: $0.1 million) and accretion on debentures of $0.3 million (2014: $0.3 million). In 2014, the Company received $0.6 million insurance proceeds for business interruption, resulting from transformer outage due to lightning strikes, which was recorded as other income.

Deferred taxes

The deferred tax recovery that would have otherwise accompanied the loss of $4.7 million in 2015 was offset by the derecognition of the tax bases of predecessor tax pools of certain Quebec assets. Accordingly, a deferred tax expense of $0.1 million ($2014: $2.5 million) was recorded in 2015.

Net loss

The Company recorded a net loss of $4.7 million for the year ended December 31, 2015 or $0.04 per share. The net loss includes $5.2 million of one-time write-down of the Kiena mill decommissioning asset as discussed earlier. Net earnings would have been $0.5 million without this write-down. Notwithstanding the reduced grades at Eagle River, the increased throughput in the mill resulted in $10.1 million in cash flow from operations before working capital adjustments.

FOURTH QUARTER FINANCIAL RESULTS

Q4 2015 compared to Q4 2014

(in $000 except per share and per ounce amounts)	**Q4 2015**	**Q4 2014**	**Variance**
Gold revenue	**23,622**	20,922	2,700
Mining operations	**18,230**	17,404	(826)
Administration	**2,100**	1,079	(1,021)
Kiena Mine care and maintenance costs	**630**	300	(330)
Decommissioning provisions and asset write-downs	**740**	-	(740)
Interest and other items	**408**	280	(128)
Deferred tax expense (recovery)	**404**	(730)	(1,134)
	22,512	18,333	(4,179)
Net income	**1,110**	2,589	(1,479)
Net income per share	**0.01**	0.02	(0.01)
Operating cash flow	**5,153**	4,192	961
Operating cash flow adjusted for Kiena care and maintenance costs	**5,783**	4,492	1,291
Gold produced (ounces)	**13,570**	12,981	589
Gold sold (ounces)	**16,023**	15,188	835
Average realized price per ounce ($)	**1,474**	1,378	96
Total production cash costs ($)	**13,959**	13,121	(838)
Unit production cash costs/ounce ($)	**1,029**	1,011	(18)
AISC/ounce on a production basis ($)	**1,388**	1,428	40
Eagle River ore milled (tonnes)	**42,185**	27,798	14,387
Eagle River gold produced (ounces)	**11,625**	11,183	442
Eagle River recovered grade (gpt)	**8.7**	12.5	(3.8)
Mishi ore milled (tonnes)	**33,100**	31,859	1,241
Mishi gold produced (ounces)	**1,945**	1,798	147
Mishi recovered grade (gpt)	**1.9**	1.8	0.1
Total ore milled (tonnes)	**75,285**	59,657	15,628

Revenue

Total gold production and gold sales for Q4 2015 were both up 5% from the Q4 2014. These increases along with a 7% increase in realized gold price accounted for a 13% increase in revenue for Q4 2015 compared to Q4 2014.

Mining operations

Mining operations which include costs associated with mining, processing, depletion and royalties, increased to $18,230 in Q4 2015 from $17,404 in Q4 2014 due to an increase in mill throughput to 75,285 tonnes in Q4 2015 from 59,657 tonnes in Q4 2014. However, unit production cash costs per ounce increased in Q4 2015 compared to Q4 2014 due to the lower grade at Eagle River of 8.7 gpt in Q4 2015 compared to 12.5 gpt in Q4 2014. Eagle River mill throughput was 42,185 tonnes in Q4 2015 compared to 27,798 tonnes in Q4 2014; this 52% increase in mill throughput resulted in only a 4% increase in ounces produced due to the decline in grade. Mishi mill throughput in Q4 2015 increased 4% with a 5% increase in grade which resulted in an 8% increase in gold produced.

All-in sustaining costs on the production basis were $1,388 (US$1,039) per ounce, a decrease of 3% compared to Q4 2014 ($1,428; US$1,229 per ounce). This reduction is due mainly to reduced sustaining capital expenditures in Q4 2015 compared to Q4 2014.

Administration

Administration costs increased due to the reasons discussed earlier.

Kiena care and maintenace costs

Kiena care and maintenance costs increased due to the reasons discussed earlier.

Decommissioning provisions and asset write-downs

These costs include $0.2 million (2014: $nil) for additional Kiena mill decommissioning costs, $0.2 million (2014: $nil) write-down of Kiena equipment, and $0.3 million (2014: $nil) write-down of exploration properties as discussed earlier.

Net income

The Company recorded net income of $1.1 million in Q4 2015 compared to $2.6 million in Q4 2014. The increased profit margin of $7.8 million in Q4 2015 compared to $5.5 million in Q4 2014 was offset by increases in all of the expense categories discussed above.

EAGLE RIVER COMPLEX

The combined Eagle River and Mishi production for 2015 was 50,470 ounces, a 4% decrease compared to 52,757 ounces in 2014.

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 a lost time accident.

Eagle River Mill

The Eagle River Mill is located close to both the Eagle River and Mishi mines with a capacity of 1,200 tpd. The Company is conducting engineering studies to expand the plant to 1,500 tpd in order to execute on its four year plan to increase production up to 80,000 ounces of gold by 2019.

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.

The mill processed 75,285 tonnes or 818 tpd during Q4 2015 and 305,226 tonnes or 836 tpd for all of 2015 showing a progressive increase over the past three years. Our target for the mill is to continue processing an average of 900 tpd with targeted recoveries of 95% for Eagle River ore and 87% for Mishi ore.

The engineering study for the proposed plant expansion is underway and we will provide quarterly updates on the mill expansion and the associated proposed new tailings management facility in 2016.

Eagle River Mine

The Eagle River underground mine is hosted by a 2.0 km by 0.5 km elliptical quartz diorite stock. Mineralization is hosted by east-west, steeply north dipping laminated quartz veins. The mine is serviced by a shaft and ramp system with the deepest mining level at 900 m. The mine is located 15 km to the south of the mill.

To date, the mine has produced 3,600,000 tonnes at a recovered grade of 9.1 gpt, or 1,051,000 ounces of gold, over a 20 year mine life with the bulk of production coming from the main No. 8 vein structure.

The mine was in a lower grade mining sequence, as anticipated, for the first three quarters of 2015. We commenced the development of the new underground high grade zone, (the 300 Zone) which began production in the third quarter of 2015 and is expected to continue production into in 2016. Accordingly, Q4 2015 production increased 9% to 11,625 ounces compared to Q3 2015, and head grades improved 19% to 9.2 gpt. For the full year 2015, 173,189 tonnes were milled at an average head grade of 7.8 gpt at a recovery rate of 94.8% to produce 41,013 ounces.

In the summer of 2013, two new parallel structures were identified, the No.7 and No. 300 structures located approximately 200 m and 400 m north of the No. 8 structure, respectively. These have been aggressively explored and developed since then and in 2015, new exploration drill platforms were created to better access and drill test them. As a result, Mineral Resources have increased by 112%, with grade increasing from 8.5 gpt to 9.5 gpt. Mineral Reserves increased 13%, net of depletion, with the Proven Reserve grade increasing from 8.5 to 10.0 gpt. Approximately 49% of the Mineral Reserves and 55% of the Mineral Resources are from these two Zones.

On November 30, 2015, we released positive high grade results from the new 300 East Zone. Two parallel lenses here demonstrate robust grades and unusually large widths with highlights as follows:

300 East-North Lens (New)

- 8.60 gpt over 32.40 m true width (“TW”) in hole 670-125
- 14.72 gpt over 11.50 m TW in hole 670-130
- 48.74 gpt over 2.00 m TW in hole 670-77
- 13.65 gpt over 2.76 m TW in hole 670-73

300 East - Main Lens

- 9.85 gpt over 7.49 m TW in hole 670-130
- 12.21 gpt over 3.47 m TW in hole 670-73
- 10.32 gpt over 3.16 m TW in hole 670-125
- 49.86 gpt over 1.80 m TW in hole 670-99

These zones remain open down plunge and we plan to gain initial access and establish a platform for further drilling in 2016.

Recent development work has set the stage for an aggressive drill program in 2016 which will give us an idea of the full potential of these new zones. This program is targeting parallel gold zones to the north of the main No. 8 Zone orebody. Initial underground drilling in the western portion of the mine has traced the No. 7 Zone approximately 150 m up-plunge to the 900 m level where it remains open to surface. In February 2016, we reported encouraging early underground drill results from this 2016 exploration program with highlights as follows:

- Hole 900-E-75: 14.82 gpt over 3.37 m true width
- Hole 900-E-78: 13.63 gpt over 5.50 m true width

- Hole 900-E-79: 13.97 gpt over 6.22 m true width
- Hole 900-E-81: 19.57 gpt over 2.95 m true width
- Hole 900-E-82: 9.72 gpt over 4.71 m true width
- Hole 900-E-84: 7.09 gpt over 7.49 m true width

We have mobilized a surface drill on March 1, 2016 to test below an existing surface showing and in April 2016 an additional underground drill will move to the 350 m level to test intermediate depths. A key target of the exploration effort is to trace the up-plunge projection of the No. 7 Zone structure from a reserve block at 1,000 m depth to the existing surface showing. These initial drill results support this thesis and may provide an opportunity to advance the high grade No. 7 Zone more rapidly into the production sequence.

The No. 7 Zone currently carries our best grade reserves and these new drill results continue to demonstrate strong grades over substantial true widths. As this No. 7 Zone is located close to existing infrastructure, success on the target could have broad implications for future mine planning and production flexibility, particularly if these strong grades and substantial widths persist.

Mishi Mine

The Mishi Mine is a surface mining operation located 2 km west of the Eagle River Mill. It consists of a series of tabular sericite-ankerite alteration zones which contain 10% smoky quartz veinlets and lenses. It strikes east-west, dipping 40 degrees north and follows a regional volcanic-sedimentary rock contact.

To date, the Mishi Mine has produced 423,000 tonnes at a recovered grade of 2.7 gpt producing 37,000 ounces of gold. In 2015, Mishi feed continued to consist of new run of mine ore amounting to 132,038 tonnes with an average grade of 2.2 gpt, and we ended the year with about one month of stockpiled ore. We are expecting to continue processing at least 450 tpd from Mishi in 2016.

The current open pit has a length of 400 m and a planned depth of 70 m. In 2015, definition drilling at 25 m centres extended mineralization over a total length of 1,300 m.

In 2016, we plan an aggressive drilling program with two drills to stepout beyond known information to test the size of the system. In addition, drilling and geotechnical studies will be initiated to examine the merits of deepening the pit to incorporate substantial Indicated Resources identified to a depth of 110 m.

Current proven and probable Mineral Reserves have a life-of-mine stripping ratio of 2.5 tonnes of waste per tonne of ore.

Results of the 2015 surface drilling program were released on January 16, 2016. Drilling at 25 m spacing along a 1.3 km strike length confirms continuity both west and east of the mine and provide the basis for new resource definition and mine planning. The 2015 program included 79 holes totalling 9,915 m of drilling. Initial highlights were released on August 18, 2015 and June 27, 2014 as follows:

New highlights of the M6 Extension:

- Hole MW15-14: 2.91 gpt over 8.13 m true width
- Hole MW15-09: 2.96 gpt over 6.97 m true width
- Hole MW15-03: 6.41 gpt over 7.87 m true width
- Hole MW15-71: 3.40 gpt over 6.49 m true width

Previous 2015 highlights of the M6 Extension:

- Hole MW15-65A: 10.38 gpt over 18.44 m true width
- Hole MW15-66: 2.50 gpt over 13.96 m true width
- Hole MW15-74: 6.41 gpt over 7.35 m true width

Mineral reserve and resource estimates at Eagle River and Mishi

Highlights

- Mineral Reserves at Eagle River and Mishi increase 12% to 431,000 ounces
- Eagle River Mineral Reserves increase 13% to 300,000 ounces
- Mishi surface mineable Mineral Reserves increase 8% to 131,000 ounces
- Mineral Reserves have now doubled over the last 3 years, net of 149,000 ounces of production
- Eagle River Inferred Mineral Resources increase 112% to 170,000 ounces reflecting drilling successes of new parallel zones

MINERAL RESERVES *

Mine	Category	Tonnes	Grade (gpt)	Contained Ounces			
				Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Eagle River	Proven	165,000	10.0	53,000	39,000	41,000	35,000
	Probable	846,000	9.1	247,000	226,000	128,000	105,000
	Proven + Probable	**1,011,000**	**9.2**	**300,000**	**265,000**	**169,000**	**140,000**
Mishi	Proven	157,000	2.2	11,000	12,000	16,000	9,000
	Probable	1,728,000	2.2	120,000	109,000	96,000	70,000
	Proven + Probable	**1,885,000**	**2.2**	**131,000**	**121,000**	**112,000**	**79,000**
TOTAL				**431,000**	**386,000**	**281,000**	**219,000**

ADDITIONAL MINERAL RESOURCES *

Mine	Category	Tonnes	Grade (gpt)	Contained Ounces			
				Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Eagle River	Inferred	555,000	9.5	170,000	80,000	105,000	46,000
Mishi Open Pit	Indicated	3,679,000	2.1	248,000	248,000	248,000	333,000
	Inferred	764,000	2.4	59,000	59,000	59,000	59,000
Mishi Underground	Indicated	567,000	4.5	82,000	82,000	82,000	82,000
	Inferred	437,000	5.8	81,000	81,000	81,000	81,000
TOTAL	**Indicated**			**330,000**	**330,000**	**330,000**	**415,000**
	Inferred			**310,000**	**220,000**	**245,000**	**186,000**

***** Numbers reflect rounding to nearest 1,000 tonnes and ounces.

***** Mineral Reserves and Mineral Resources estimates have been made in accordance with the Standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101.

These mineral reserves and resources have been excerpted from the report entitled “Technical Report for the Eagle River Complex including the Eagle River Gold Mine, the Mishi Gold Mine and related infrastructure” with an effective date of March

17, 2016 and filed on SEDAR on March 17, 2016. The Qualified Persons for this report are George Mannard, P.Geo., Vice President Exploration, and Philip Ng, P. Eng., Chief Operating Officer, both of Wesdome.

All Mineral Resources are in addition to Mineral Reserves.

Mineral Resources are not in the current mine plan and therefore do not have demonstrated economic viability.

Assumed gold price of $1450 CDN per ounce.

All Mineral Reserves at Eagle River employ a 1.5 m minimum width, a 3.0 gpt minimum grade for continuity and include 1.0 m of external dilution. Mineral Resources are reported in-situ with no dilution provision.

All Mineral Reserves at Mishi employ a 1.0 gpt cut-off grade and a 3.0 m minimum width. Estimates provide for 10% dilution, 10% lost ore and metallurgical recoveries of 90%. Open pit Mineral Reserves extend to an average depth of 70 m.

Mishi Mineral Reserves currently have a life of mine stripping ratio of 2.5 tonnes of waste per tonne of ore.

Mishi Open Pit Mineral Resources extend to a depth of 110 m, employ a 1.0 gpt cut-off grade, a 3.0 m minimum width and are reported in-situ with no dilution or lost ore provisions.

Mishi Underground Mineral Resources are reported in-situ employing a 3.0 gpt cut-off grade and a 1.5 m minimum mining width.

At Eagle River all high assays are cut to either 60 gpt or 140 gpt for individual zones. This is based on grade-frequency histograms at 95 percentile.

At Mishi all high drill core assays are cut to 45 gpt. All high blasthole assays are cut to 25 gpt. These are based on where a ragged tail on grade-frequency histograms commence.

A fixed density or tonnage factor of 2.7 tonnes per cubic metre is applied at both Eagle River and Mishi based on metallurgical testing.

KIENA AND WESDOME MINE COMPLEX

In Val d'Or, the Kiena Mine Complex consisting of a mill and underground mine, remains on care and maintenance since July 2013. The exploration program for 2015 on the nearby properties involved two drills on surface and their results have been incorporated in a revised 43-101 study. This study dated December 16, 2015 and entitled "Technical report for the Quebec Wesdome Project" was prepared by Bruno Turcotte, P. Geo., Denis Gourde, Eng., and Pierre-Luc Richard, P. Geo. of InnovExplo Inc. and filed on SEDAR on March 10, 2016.

We are examining options to maximize value from this very prospective asset.

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 report (the "Report") of the Moss Lake project highlighted its potential to support a bulk mining operation under more favourable gold prices. This Report, dated May 31, 2013 and entitled "Technical report and preliminary economic assessment for the Moss Lake Project", was prepared by Sylvie Poirier, Eng., Gary Anthony Patrick, Consulting Metallurgist, Julie Palich, P. Geo., and Pierre-Luc Richard, P. Geo. of InnovExplo Inc. and filed on SEDAR (www.sedar.com, Moss Lake Gold Mines Ltd, May 23, 2013).

Indicated Resources were independently estimated at 39,700,000 tonnes grading 1.1 gpt (1,377,300 ounces of gold), with additional Inferred Resources of 50,364,000 tonnes grading 1.1 gpt (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 the Mishi Mine output in conjunction with further mill upgrades, bringing mill capacity to 1,500 tpd. This expansion is expected to bring the Mishi Mine production to approximately 20,000 Au oz/year. 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 and the expanded mill to 1,500 tpd are expected to be commissioned by 2017. The increase in mill feed (and ounces) will come primarily from Mishi, and Eagle River ounces are expected to increase based on higher grades.

The Eagle River 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. By 2017, the Company plans on developing 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, to surface 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 (gpt)	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

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2015, the Company had working capital of $12.5 million compared to $12.6 million at December 31, 2014. During 2015, capital expenditures totalled $15.8 million compared to $16.3 million in 2014. Capital expenditures were concentrated on underground development and infrastructure, mill improvements/upgrades, surface preparation and permitting for a new tailings management area. Our cash position increased to $15.4 million from $3.7 million in Q3 2015, as a result of $8 million raised through two private placements in Q4 2015.

The Company carried an inventory of gold at December 31, 2015, which consisted of 2,228 ounces of gold with a market value of approximately $3.3 million and carrying cost of $2.8 million. In addition, the Mishi ore stockpile at the mill is estimated to contain about 845 ounces of recoverable gold, or approximately $0.3 million, net of milling costs. Accordingly the adjusted working capital at December 31, 2015, would have been $13.8 million.

In early October 2015, the Company received approval of a revised closure plan for the Kiena Mine 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 is required post an additional $6.2 million security ($4.4 million in 2016, and $1.8 million on September 30, 2017) mostly relating to decommissioning of the mill and restoration of the mill site. The Company has subsequently commenced with the requirement to post this amount in several tranches starting on January 4, 2016.

On October 20, 2015, the Company closed a non-brokered private placement for gross proceeds of $5 million 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 will use the net proceeds to partially finance the mill expansion, new tailings dam construction, working capital and general corporate purposes. The common shares issued thereunder were subject to a four month and one day hold period.

On December 18, 2015, the Company closed a private placement of 1,818,182 flow-through common shares of the Company (the "Flow-Through Shares") at a price of $1.65 per Flow-Through Share for gross proceeds of $3,000,000. Wesdome paid a cash finders' fee in the aggregate amount of $105,000 to M Partners Inc. and Dundee Securities Ltd., representing 3.5% of the gross proceeds from this issuance. The Company has until December 31, 2016 to spend the flow through funds raised in this Offering on eligible Canadian exploration expenditures. Wesdome intends to use the majority of the gross proceeds from this issuance to advance its exploration programs at the Eagle River camp near Wawa, Ontario; and to a lesser extent, at its Moss Lake, Ontario and Val d'Or, Quebec properties. The Flow-Through Shares are subject to a four-month hold period.

The Company believes it has sufficient liquidity to carry out its current mining, development and exploration programs. However, the Company will 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 Company is considering financing options and the timing of external funding will depend on 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.

SUMMARY OF SHARES ISSUED

As of March 29, 2016, the Company's share information is as follows:

Common shares issued	118,661,261
Common share purchase options	4,296,932

CONTRACTUAL OBLIGATIONS

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

	Payments Due by Period (in $000)				
Contractual Obligations	**Total**	**Less than 1 year**	**1 – 2 years**	**3 – 5 years**	**After 5 years**
Equipment leases	$ 4,702	$ 1,528	$ 1,322	$ 1,852	-
Convertible debentures	7,675	491	7,184	-	-
Kiena reclamation deposit	6,183	4,392	1,791	-	-
Flow- through expenditures	3,000	3,000	-	-	
	$ 21,560	$ 9,411	$ 10,297	$ 1,852	-

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, free cash flow per share and net income (loss) adjusted for Kiena. 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

	2015					2014				
(in $000)	**YTD**	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Gold and silver bullion revenue	**73,465**	**23,622**	18,199	17,202	14,442	82,441	20,922	22,342	16,044	23,133
Mining and processing costs	**55,785**	**15,855**	12,946	14,099	12,885	53,827	15,377	15,358	9,681	13,411
Mine operating profit	**17,680**	**7,767**	5,253	3,103	1,557	28,614	5,545	6,984	6,363	9,722

Cash costs per ounce of gold sold

	2015					2014				
(in $000 except per ounce amount)	**YTD**	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Mine site operating costs per financial statements	**55,785**	**15,855**	12,946	14,099	12,885	53,827	15,377	15,358	9,681	13,411
Ounces of gold sold	**49,804**	**16,023**	12,408	11,740	9,633	58,230	15,188	15,878	11,179	15,985
Total cash costs per ounce of gold sold	**1,120**	**990**	1,043	1,201	1,338	924	1,012	967	866	839
Average 1 USD → CAD exchange rate	**1.2790**	**1.3353**	1.3089	1.2293	1.2409	1,131	1.1626	1.0891	1.0901	1.1040
Total cash costs per ounce of gold sold (US$)	**876**	**741**	797	977	1,078	830	871	888	794	760

Cash margin per ounce of gold sold

	2015					2014				
(amounts in Canadian dollars)	**YTD**	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Gold price per ounce sold (see next table)	**1,475**	**1,474**	1,467	1,465	1,499	1,416	1,378	1,407	1,435	1,447
Cash costs of gold sold	**1,120**	**990**	1,043	1,201	1,338	924	1,012	967	866	839
Cash margin per ounce of gold sold (CAD$)	**355**	**484**	424	264	161	492	366	440	569	608
Average 1 USD → CAD exchange rates	**1.2790**	**1.3353**	1.3089	1.2293	1.2409	1.1131	1.1626	1.0891	1.0901	1.1040

	2015					2014				
(amounts in United States dollars)	**YTD**	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Gold price per ounce sold	**1,153**	**1,104**	1,121	1,192	1,208	1,272	1,185	1,292	1,316	1,311
Cash costs per ounce of gold sold	**876**	**741**	797	977	1,078	830	871	888	794	760
Cash margin per ounce of gold sold (US$)	**277**	**363**	324	215	130	442	314	404	522	551

Average realized price per ounce of gold sold

(in $000 except per ounce amount)	**2015**					2014				
	YTD	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Gold produced (ounces)	**50,470**	**13,570**	14,284	12,476	10,140	52,757	12,981	12,456	13,590	13,730
Gold sales (ounces)	**49,804**	**16,023**	12,408	11,740	9,633	58,230	15,188	15,878	11,179	15,985
Gold sales ($)	**73,465**	**23,622**	18,199	17,202	14,442	82,441	20,922	22,342	16,044	23,133
Average realized price per ounce of gold sold ($)	**1,475**	**1,474**	1,467	1,465	1,499	1,416	1,378	1,407	1,435	1,447
Average gold price per ounce ($) '	**1,472**	**1,475**	1,471	1,465	1,509	1,398	1,400	1,396	1,405	1,427

' 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 and per tonne milled

(in $000 except per ounce amount)	**2015**					2014				
	YTD	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Production costs, per financial statements	**55,785**	**15,855**	12,946	14,099	12,885	53,827	15,377	15,358	9,681	13,411
Inventory adjustment '	**503**	**(1,896)**	1,257	387	755	(3,464)	(2,256)	(3,213)	1,992	13
Production costs	**56,288**	**13,959**	14,203	14,486	13,640	50,363	13,121	12,145	11,673	13,424
Gold production (ounces)	**50,470**	**13,570**	14,284	12,476	10,140	52,757	12,981	12,456	13,590	13,730
Production costs per ounce	**1,115**	**1,029**	994	1,161	1,345	955	1,011	975	859	978
Tonnes milled	**305,227**	**75,285**	88,185	82,653	59,104	190,523	59,657	53,626	34,727	42,513
Production costs/tonne milled	**184**	**185**	161	175	231	264	220	226	336	316

' 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.

	2015					2014				
	YTD	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Per ounce data, production basis (CAD$)										
Mining costs	**829**	**753**	753	867	990	719	773	727	645	734
Milling costs	**286**	**276**	241	294	355	236	238	248	214	244
	1,115	**1,029**	994	1,161	1,345	955	1,011	975	859	978
Average 1 USD → CAD exchange rates	**1.2790**	**1.3353**	1.3089	1.2293	1.2409	1.1131	1.1626	1.0891	1.0901	1.1040

	2015					2014				
	YTD	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Per ounce data, production basis (US$)										
Mining costs	**648**	**563**	575	705	798	646	665	668	592	664
Milling costs	**224**	**207**	185	240	286	212	204	227	196	221
	872	**770**	760	945	1,084	858	869	895	788	885

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

	2015					2014				
(in $000 except per ounce amount)	**YTD**	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Mine site operating costs per financial statements	**55,785**	**15,855**	12,946	14,099	12,885	53,827	15,377	15,358	9,681	13,411
Add:										
Royalties	**1,189**	**336**	305	286	262	1,311	331	345	289	346
Corporate and general	**3,793**	**1,688**	689	729	687	2,711	766	625	630	690
Sustaining mine capital, equipment leases and exploration	**16,569**	**2,846**	4,344	4,231	5,148	16,586	4,325	4,154	4,291	3,816
All-in costs adjustment	**21,551**	**4,870**	5,338	5,246	6,097	20,608	5,422	5,124	5,210	4,852
All-in sustaining costs	**77,336**	**20,725**	18,284	19,345	18,982	74,435	20,799	20,482	14,891	18,263
Gold sold (ounces)	**49,804**	**16,023**	12,408	11,740	9,633	58,230	15,188	15,878	11,179	15,985
All-in sustaining costs per ounce (CAD$)	**1,553**	**1,293**	1,474	1,648	1,971	1,278	1,369	1,290	1,332	1,143
Average 1 USD → CAD exchange rate	**1.2790**	**1.3353**	1.3089	1.2293	1.2409	1.1131	1.1626	1.0891	1.0901	1.1040
All-in sustaining costs per ounce (US$)	**1,214**	**969**	1,126	1,340	1,588	1,148	1,178	1,184	1,222	1,035

Production basis

	2015					2014				
(in $000 except per ounce amount)	**YTD**	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Production costs (see table at page 17)	**56,288**	**13,959**	14,203	14,486	13,640	50,363	13,121	12,145	11,673	13,424
All-in costs adjustment (see table above)	**21,551**	**4,870**	5,338	5,246	6,097	20,608	5,422	5,124	5,210	4,852
All-in sustaining costs	**77,839**	**18,829**	19,541	19,732	19,737	70,971	18,543	17,269	16,883	18,276
Gold produced (ounces)	**50,470**	**13,570**	14,284	12,476	10,140	52,757	12,981	12,456	13,590	13,730
All-in sustaining costs per ounce (CAD$)	**1,542**	**1,388**	1,368	1,582	1,946	1,345	1,428	1,386	1,242	1,331
Average 1 USD → CAD exchange rates	**1.2790**	**1.3353**	1.3089	1.2293	1.2409	1.1131	1.1626	1.0891	1.0901	1.1060
All-in sustaining costs per ounce (US$)	**1,206**	**1,039**	1,045	1,287	1,569	1,209	1,229	1,273	1,139	1,205

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.

	2015					2014				
(in $000 except per share amount)	**YTD**	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Cash flow from operating activities before working capital adjustments	**10,055**	**5,153**	3,333	1,436	133	23,269	4,192	5,585	5,264	8,228
Kiena care and maintenance costs	**2,716**	**630**	935	658	493	1,861	300	717	377	467
Operating cash flow (adjusted)	**12,771**	**5,783**	4,268	2,094	626	25,130	4,492	6,302	5,641	8,695
Weighted average number of shares (000's)	**112,189**	**115,140**	111,186	111,051	111,073	109,427	110,940	111,098	111,141	105,449
Operating cash flow per share	**0.09**	**0.04**	0.03	0.01	0.00	0.21	0.04	0.05	0.05	0.08
Operating cash flow per share (adjusted)	**0.11**	**0.05**	0.04	0.02	0.01	0.23	0.04	0.06	0.05	0.08

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.

	2015					2014				
(in $000 except per share amount)	**YTD**	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Cash flow from operating activities before working capital adjustments	**10,055**	**5,153**	3,333	1,436	133	23,269	4,192	5,585	5,264	8,228
Exploration	**(571)**	**50**	(6)	(42)	(573)	(600)	(54)	(472)	(68)	(6)
Sustaining capital	**(15,203)**	**(2,467)**	(3,953)	(3,941)	(4,842)	(15,684)	(4,050)	(3,957)	(4,066)	(3,611)
Free cash flow	**(5,719)**	**2,736**	(626)	(2,547)	(5,282)	6,985	88	1,156	1,130	4,611
Kiena care and maintenance	**2,716**	**630**	935	658	493	1,861	300	717	377	467
Free cash flow (adjusted)	**(3,003)**	**3,366**	309	(1,889)	(4,789)	8,846	388	1,873	1,507	5,078
Weighted average number of shares (000's)	**112,189**	**115,140**	111,186	111,051	111,073	109,427	110,940	111,098	111,141	105,449
Free cash flow per share	**(0.05)**	**0.02**	(0.01)	(0.02)	(0.05)	0.06	0.00	0.01	0.01	0.04
Free cash flow per share (adjusted)	**(0.03)**	**0.03**	0.00	(0.02)	(0.04)	0.08	0.00	0.02	0.01	0.05

Net income (loss) adjusted for Kiena

	2015					2014				
(in $000 except per share amount)	**YTD**	**Q4**	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Net (loss) income	**(4,701)**	**1,110**	(4,294)	(746)	(771)	11,876	2,589	2,238	2,878	4,171
Kiena decommissioning provision	**5,171**	**237**	4,934	-	-	-	-	-	-	-
Kiena care and maintenance	**2,716**	**630**	935	658	493	1,861	300	717	377	467
Net income (loss) adjusted	**3,186**	**1,977**	1,575	(88)	(278)	13,737	2,889	2,955	3,255	4,638
Weighted average number of shares (000's)	**112,189**	**115,140**	111,186	111,051	111,073	109,427	110,940	111,098	111,141	105,449
Net income (loss) per share (adjusted)	**0.03**	**0.02**	0.01	(0.00)	(0.00)	0.13	0.03	0.03	0.03	0.04

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

CRITICAL JUDGMENT IN APPLYING ACCOUNTING POLICIES

Exploration and evaluation expenditures

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Reserves

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

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

(ii) Depletion

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

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

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

(iii) Provision for decommissioning obligations

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

(iv) Share-based payments

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

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

(v) Income taxes and deferred taxes

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

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

(vi) Recoverability of mining properties

The Company's management reviews the carrying values of its mining properties on a regular basis to determine whether any write-downs are necessary. The recovery of amounts recorded for mining properties depends on confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. Management relies on life-of-mine ("LOM") plans in its assessments of economic recoverability and probability of future economic benefit. LOM plans provide an economic model to support the economic extraction of reserves and resources. A long-term LOM plan and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body.

(vii) Inventory – ore stockpile

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

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

(viii) Equity component of convertible debentures

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

(iv) Provisions and contingent liabilities

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

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:

December 31, 2015 (in $000)	Loans and Receivables	Other Financial Liabilities	Total Carrying Amount	Fair Value
Cash	**15,424**	**-**	**15,424**	**15,424**
Receivables	**3,354**	**-**	**3,354**	**3,354**
Restricted funds	**2,535**	**-**	**2,535**	**2,535**
Total assets	**21,313**	**-**	**21,313**	**21,313**
Payables and accruals	**-**	**8,994**	**8,994**	**8,994**
Obligations under capital lease	**-**	**4,702**	**4,702**	**4,702**
Convertible debentures	**-**	**6,562**	**6,562**	**6,530**
Total liabilities	**-**	**20,258**	**20,258**	**20,226**

December 31, 2014 (in $000)	Loans and Receivables	Other Financial Liabilities	Total Carrying Amount	Fair Value
Cash	15,408	-	15,408	15,408
Receivables	1,834	-	1,834	1,834
Restricted funds	3,106	-	3,106	3,106
Total assets	20,348	-	20,348	20,348
Payables and accruals	-	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

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 Risk Management

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

1) Market Risk

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

(a) Commodity price risk

The Company's financial performance is closely linked to the price of gold which is impacted by world economic events that dictate the levels of supply and demand. The Company had no gold price hedge contracts in place as at or during the years ended December 31, 2015 and 2014.

(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 years ended December 31, 2015 and 2014.

The following table illustrates the sensitivity of net earnings and equity in regards to the US dollar/Canadian dollar exchange rate, all other variables being constant. It assumes a +/- 9% change of the US dollar/Canadian dollar exchange rate for the reporting period ended December 31, 2015 (+/- 6% for the reporting period ended December 31, 2014). These percentages have been determined based on the average market volatility in exchange rates in the preceding twelve months. The sensitivity analysis assumes that all of the Company's revenues are U.S. dollars based for the reporting period.

Sensitivity analysis	Change	Impact on net earnings (in $000)	
2015	+/- 9% (US$/CAN$)	$	6,685
2014	+/- 6% (US$/CAN$)	$	5,111

(c) *Interest rate risk*

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

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, convertible debentures, Kiena reclamation deposit and flow-through expenditures:

December 31, 2015

(in $000)	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables and accruals	**8,994**	**-**	**-**	**-**
Obligations under finance leases	**1,528**	**1,322**	**1,852**	**-**
Convertible debentures	**491**	**7,184**	**-**	**-**
Kiena reclamation deposit	**4,392**	**1,791**	**-**	**-**
Flow-through	**3,000**	**-**	**-**	**-**

December 31, 2014

(in $000)	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables and accruals	8,061	-	-	-
Obligations under finance leases	1,219	1,035	1,466	-
Convertible debentures	491	7,675	-	-

3) Credit Risk

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

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

Capital Risk Management

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

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

(in 000's)	**December 31 2015**	December 31 2014
Total equity	**$ 99,498**	$ 96,063
Cash and cash equivalents	**(15,424)**	(15,408)
Capital	**$ 84,074**	$ 80,655

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

There is no restriction on the ability of the Company to pay dividends other than cash flow considerations. Dividend payments in the future will depend on the Company's ability to generate earnings.

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

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

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

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

RELATED PARTY TRANSACTIONS

In Q4 2015, as part of the $5M private placement financing, the Company issued to three directors of the Company common shares of the Company at $1.00 per common share as follows:

Rowland Uloth	1,000,000
Barry Smith	1,000,000
Charles Page	500,000

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high risk nature of its business which is the operation, exploration and development of mineral properties. Risk factors relating to the Company could materially affect the Company's future results and could cause them to differ materially from those described in forward-looking information relating to the Company. Investors and prospective investors should give careful consideration to all of the information contained in this MD&A, including the risk factors set forth below. It should be noted that this list is not exhaustive and that other risk factors may apply, including risks described elsewhere herein, risks not currently known to the Company and risks that the Company currently deems immaterial. Any one or more of these risk factors could have a material adverse effect on the Company's business, results of operations, financial condition and the value of its securities.

Nature of Mineral Exploration

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

Mineral Resource and Mineral Reserve Estimates

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

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

Safety, Health and Environmental Regulations

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

Safety, health and environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on its operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent safety, health and environmental regulation. For example, emissions standards are poised to become increasingly stringent. Further changes in safety, health and environmental laws, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, may require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Company. Environmental and regulatory review is a long and complex process that can delay the opening, modification or expansion of a mine, extend decommissioning at a closed mine, or restrict areas where exploration activities may take place.

Economic Conditions

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

Market events and conditions, including the disruptions in the international credit markets and other financial systems, the deterioration of global economic conditions in 2008 and 2009 and, more recently, in Europe, along with political instability in the Middle East and budget deficits and debt levels in the United States, have caused significant volatility to commodity prices. These conditions have also caused a loss of confidence in the broader United States, European and global credit and financial markets and resulted in the collapse of, and government intervention in, major banks, financial institutions and insurers and created a climate of greater volatility, less liquidity, widening credit spreads, less price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments and concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially in recent years.

The Company is also exposed to liquidity and various counterparty risks, including, but not limited to: (i) financial institutions that hold the Company’s cash and cash equivalents; (ii) companies that have payables to the Company; (iii) the Company’s insurance providers; (iv) the Company’s lenders; (v) the Company’s other banking counterparties; and (vi) companies that have received deposits from the Company for the future delivery of equipment and/or other operational inputs. The Company is also exposed to liquidity risks in meeting its capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. Furthermore, repercussions from the 2008-2009 economic crisis continue to be felt, as reflected in increased levels of volatility and market turmoil. As a result of this uncertainty, the Company’s planned growth could either be adversely or positively impacted and the trading price of the Company’s securities could either be adversely or positively affected.

Gold Price Volatility

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

The price of gold fluctuates widely and is affected by numerous industry factors beyond the Company’s control, such as the demand for precious metals, forward selling by producers and central bank sales and purchases of gold. Gold price is also affected by macro-economic factors, such as expectations for inflation, interest rates, the world supply of mineral commodities, the stability of currency exchange rates and global or regional political and economic situations. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political systems and developments. The price of gold has fluctuated widely in recent years, and future serious price declines could cause commercial production to be uneconomic.

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

(a) reduce production revenues as a result of cutbacks caused by the cessation of mining operations involving deposits or portions of deposits that have become uneconomic at the prevailing price of gold;

(b) cause the cessation or deferral of new mining projects;

(c) decrease the amount of capital available for exploration activities;

(d) reduce existing reserves by removing ore from reserves that cannot be economically mined at prevailing prices; or

(e) cause the write-off of an asset whose value is impaired by the low price of gold.

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

Currency Fluctuations

Currency fluctuations may affect costs at the Company's operations. Gold is sold throughout the world based principally on a U.S $ price, but the Company's operating expenses are in Cdn $. Any appreciation of the Cdn $ against the U.S $ could negatively affect the Company's profitability, cash flows and financial position.

Title Matters

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

Aboriginal Rights and Duty to Consult

The Company operates and does exploration on properties, which are subject to Aboriginal rights or titles. The Company is committed to consult with the First Nations group about any impact of its activities on such rights, titles or claims, which may cause delays in making decisions or project startups. Further, there is no assurance of favourable outcomes of these consultations.

Mining Risks and Insurance

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

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

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

Reclamation and Mine Closure Costs

The Company has obtained approval for its closure plan for the Eagle River Mill, Eagle River Mine, the Mishi-Magnacon Complex and the Kiena Mine and has provided security to cover estimated rehabilitation and closure costs. In the event of any future expansion or alteration of a mine on the Eagle River property or the Kiena Mine, the Company would likely be required to amend its closure plans which may require the provision of additional security.

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

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

Dilution to Common Shares

As of December 31, 2015, there were stock options outstanding to purchase 4,980,178 common shares in the capital of the Company. The common shares issuable under these options, if fully exercised, would constitute approximately 4% of the Company's resulting share capital. The exercise of such options and the subsequent resale of such shares in the public market could affect the prevailing share market price and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional common shares and the Company may grant additional share purchase warrants and stock options.

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

Share Price Fluctuations

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

Additional Funding Requirements

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

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

Long Term Debt

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

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

Impairment of Assets

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

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

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

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

Reliance on Management

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

Competition

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

Skilled Employees

Many of the projects undertaken by the Company rely on the availability of skilled labour and the capital outlays required to employ such labour. The Company employs full and part time employees, contractors and consultants to assist in executing operations and providing technical guidance. In the event of a skilled labour shortage, various projects of the Company may not become operational due to increased capital outlays associated with labour. Further, a skilled labour shortage could result in operational issues such as production shortfalls and higher mining costs.

Information Systems

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Disclosure Controls and Procedures

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

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

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of our disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are 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.

In early October 2015, the Company engaged an independent, external corporate governance advisor to evaluate its governance practices. During the course of this evaluation, the Board will consider enhancements to the Company's existing governance practices, as required. In February 2016, Nadine Miller, P.Eng. was appointed as an independent director.

Internal Control over Financial Reporting

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

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

Changes in internal controls over financial reporting

No changes were made to our internal controls over financial reporting that occurred during the quarter and fiscal year ended December 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations of Controls and Procedures

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

RESPONSIBILITY FOR TECHNICAL INFORMATION

The scientific and technical contents of this MD&A were reviewed, verified and approved by Philip Ng, P. Eng., Chief Operating Officer of Wesdome, and George Mannard, P. Geo., V.P. Exploration of Wesdome, both Qualified Persons as defined by Canadian Securities Administrators National Instrument 43-101 "Standards of Disclosure for Mineral Projects".

INFORMATION CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

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

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical fact, constitute "forward-looking statements" and are based on expectations, estimates and projections as 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.