WESDOME GOLD MINES LTD.

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED

MARCH 31, 2016

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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") unaudited condensed interim consolidated financial statements for the three months ended March 31, 2016, 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 May 10, 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 ("AISC") 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*
Q1 2016	*January 1, 2016 – March 31, 2016*	**Q1 2015**	*January 1, 2015 – March 31, 2015*
Q4 2015	*October 1, 2015 – December 31, 2015*	**Q4 2014**	*October 1, 2014 – December 31, 2014*
Q3 2015	*July 1, 2015 – September 30, 2015*	**Q3 2014**	*July 1, 2014 – September 30, 2014*
Q2 2015	*April 1, 2015 – June 30, 2015*	**Q2 2014**	*April 1, 2014 – June 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 and exploration properties ("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 – 1st Quarter 2016 and 2015		
	Quarter ended March 31	
	2016	2015
(in $000, except per share amounts)		
Revenue	**13,284**	14,442
Mine operating (loss) profit	**(1,105)**	1,557
Net loss	**(3,300)**	(771)
Net loss adjusted for Kiena	**(2,854)**	(278)
Basic net loss per share	**(0.03)**	(0.01)
Basic net loss per share adjusted for Kiena	**(0.02)**	(0.00)
Cash flows from operating activities	**(2,786)**	133
Cash flows from operating activities adjusted for Kiena	**(2,340)**	626
Cash and cash equivalents	**8,100**	9,929
Working capital	**3,972**	6,605

Operational Results – 1st Quarter 2016 and 2015		
	Quarter ended March 31	
	2016	2015
Eagle tonnes milled	**39,839**	39,815
Mishi tonnes milled	**36,287**	19,289
Total tonnes milled	**76,126**	59,104
Eagle grade (gpt)	**4.9**	7.0
Mishi grade (gpt)	**1.5**	2.0
Eagle ounces produced	**6,254**	8,903
Mishi ounces produced	**1,782**	1,237
Total ounces produced	**8,036**	10,140
Ounces sold	**8,100**	9,633
Average realized price (CAD$/oz)	**1,640**	1,499
Average realized price (US$/oz)	**1,193**	1,208
Production cash costs (CAD$/oz)	**1,766**	1,345
Production cash costs (US$/oz)	**1,285**	1,084
All-in-sustaining costs (CAD$/oz)	**2,501**	1,946
All-in-sustaining costs (US$/oz)	**1,820**	1,569

2016 FIRST QUARTER SUMMARY

- Gold production of 8,036 ounces
  - Eagle River underground production of 6,254 ounces at a recovered grade of 4.9 grams per tonne (“gpt”) with a reduced mill recovery of 88% due to lower head grades
  - Mishi Open Pit mine production of 1,782 ounces at a recovered grade of 1.5 gpt with a mill recovery of 85%
- Total mill throughput of 76,126 tonnes averaging 837 tonnes per calendar day
- Revenue of $13.3 million on gold sales of 8,100 ounces at an average realized price of $1,640 (US$1,193) per ounce
- Mine operating loss of $(1.1) million
- Net loss of $(3.3) million, or $(0.03) per share; and net loss of $(2.9) million, or $(0.02) per share, after adjusting for Kiena care and maintenance costs
- Operating cash outflow of $(2.8) million or $(0.02) per share, and after adjusting for Kiena care and maintenance costs operating cash outflow was $(2.3) million or $(0.02) per share
- Production cash costs per ounce were $1,766 (US$1,285)
- All-in sustaining costs per ounce (“AISC”) on a production basis were $2,501 (US$1,820)
- Cash and cash equivalents of $8.1 million, 2,261 ounces gold bullion in inventory at market price of $3.6 million and working capital of $4.0 million as at March 31, 2016. As at May 10, 2016, cash position increased to $19 million
- Exploration drilling extends high grade 7 Zone 150 metres towards surface

- Mineral Reserves at Eagle River and Mishi increase 12% to 431,000 ounces
- Eagle River Inferred Mineral Resources increase 112% to 170,000 ounces reflecting drilling successes of new parallel zones

First Quarter 2016 Production Results

Q1 2016 combined production for the Eagle River Complex in 2016 was 8,036 ounces, with 6,254 ounces from the Eagle River Mine and 1,782 ounces from the Mishi Mine. Production was constrained due to the extraction of lower grade remnant reserve blocks in the upper parts of the Eagle River Mine as development of higher grade reserve blocks was slower than anticipated due to scooptram mechanical issues. Faulty, complex and costly blasting equipment have been removed to ensure successful and cost effective blast initiations. The Company continues with the plan to improve its fleet through an equipment standardization program that matches the needs of our orebodies. These improvements are expected to enhance operating performance during the second half of the year.

Mill throughput averaged 837 tpd in Q1 2016, approximating the 2015 average, an increase of 27% over Q1 2015 (657 tpd) and 2% over Q4 2015 (818 tpd).

As at March 31, 2016, stockpile at the mill consisted of 46,858 tonnes of Mishi and Eagle ore compared to 13,641 tonnes of Mishi ore as at December 31, 2015. This stockpile includes 43,919 tonnes of ore with an estimated grade of 1.8 gpt from Mishi, a planned increase of 30,278 tonnes in the quarter, and 2,939 tonnes of Eagle ore with an estimated grade of 6.5 gpt provided during the quarter.

OUTLOOK

Production for the year ending December 31, 2016 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 attributable to the Mishi Mine (the “2016 Outlook”). The Company now anticipates achieving the lower range of the 2016 Outlook with respect to the Eagle River Mine.

Q2 2016 production from Mishi and Eagle Mines is forecasted at approximately 12,000 ounces with 9,000 ounces coming from Eagle River and 3,000 ounces from Mishi. The Company expects higher grades for the balance of 2016 at the Eagle River Mine as the 811 and 311 complex are developed and placed into production. In order to drive production levels higher at Eagle River, the Company will continue with its revised mine design which has already positively impacted stope recoveries, reduced stope overbreaks and dilution and relieved truck haulage demand. Our sustaining capital development program positioned us very well for near mine exploration and development successes as witnessed by our Q1 underground drilling results. We have added rental equipment to supplement the mobile fleet while awaiting the delivery of budgeted scooptrams in Q2 2016. The Company is examining its exploration successes on the 7 Zone at the Eagle River Mine to quickly determine if it can be fully developed, two years ahead of schedule, in order to positively impact 2016 and 2017 production. Mill production levels are expected to improve by approximately 8% as added filtration capacity is expected to be on stream by early Q3 2016.

The engineering study for the proposed plant expansion is underway with an engineering and management firm retained. Metallurgical testing results are expected early in Q3 2016 with engineering and procurement commencing shortly thereafter. In conjunction, the potentially impacted communties have been engaged with a number of face to face meetings between senior management and community leaders. This process is expected to continue into Q3 2016. Thereafter, the Company will compile all comments and address any concerns and comments accordingly.

SUBSEQUENT EVENTS

(i) Financing

On April 29, 2016, the Company closed a public offering of 10,465,000 common shares at a price of $1.65 per common share, for gross proceeds of $17.3 million, including the exercise in full of the over-allotment option by the underwriters.

The common shares were sold pursuant to an underwriting agreement through a syndicate of underwriters co-led by National Bank Financial Inc. and Mackie Research Capital Corporation and including Dundee Securities Ltd., Clarus Securities Inc. and M Partners Inc.

The Company intends to use the net proceeds of approximately $16 million from the offering for mill and tailings dam expansion and associated infrastructure at its Eagle River Complex, and for working capital and general corporate purposes.

(ii) Acquisition of additional properties at Moss Lake

The Company is in the process of acquiring, subject to legal documentation and customary closing conditions, from Canoe Mining Ventures Corp. ("Canoe Mining") a 100% interest in the Coldstream Project and the Hamlin-Deaty Creek Property, which are near Wesdome's Moss Lake properties located 100 kilometres due west of Thunder Bay, Ontario. With this acquisition, Wesdome is consolidating its land position in the Shebandowan Greenstone Belt.

As consideration for the properties, the Company has agreed to pay or issue (as applicable) to Canoe Mining the following at the closing of the acquisition:

(a) with respect to the purchase of the Coldstream portion of the properties:

    (i) an aggregate of $400,000 cash, and

    (ii) 454,545 fully paid and non-assessable common shares in the capital of Wesdome; and

(b) with respect to the purchase of the Hamlin portion of the properties, an aggregate of $100,000 cash

QUARTERLY FINANCIAL AND OPERATIONAL RESULTS

(in $000 except per share amount and unless otherwise stated)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Financial results								
Gold revenue	**13,284**	23,622	18,199	17,202	14,442	20,922	22,342	16,044
Mine operating (loss) profit *	**(1,105)**	7,767	5,253	3,103	1,557	5,545	6,984	6,363
Net (loss) income	**(3,300)**	1,110	(4,294)	(746)	(771)	2,589	2,238	2,878
Net (loss) income (adjusted for Kiena) *	**(2,854)**	1,977	1,575	(88)	(278)	2,889	2,955	3,255
Operating cash flow	**(2,786)**	5,153	3,333	1,436	133	4,192	5,585	5,264
Free cash flow *	**(7,190)**	2,736	(626)	(2,547)	(5,282)	88	1,156	1,130
Free cash flow (adjusted for Kiena)*	**(6,744)**	3,366	309	(1,889)	(4,789)	388	1,873	1,509
Per share information:								
Basic (loss) income	**(0.03)**	0.01	(0.04)	(0.01)	(0.01)	0.02	0.02	0.03
Operating cash flow *	**(0.02)**	0.04	0.03	0.01	0.00	0.04	0.05	0.05
Free cash flow *	**(0.06)**	0.02	(0.01)	(0.02)	(0.05)	0.00	0.01	0.01
Free cash flow (adjusted for Kiena)*	**(0.06)**	0.03	0.00	(0.02)	(0.04)	0.00	0.02	0.01
Cash and cash equivalents	**8,100**	15,424	3,705	4,067	9,929	15,408	10,740	8,253
Working capital	**3,972**	12,507	2,977	3,287	6,605	12,565	13,555	13,579
Total assets	**127,113**	128,387	117,704	117,219	117,914	116,607	109,987	109,897
Total non-current financial liabilities	**18,196**	17,694	17,055	12,131	11,102	11,264	9,955	9,905
Operational results								
Milling (tonnes)								
Eagle River Mine	**39,839**	42,185	44,849	46,340	39,815	27,798	33,377	31,713
Mishi Mine	**36,287**	33,100	43,336	36,313	19,289	31,859	20,249	3,014
Total milled	**76,126**	75,285	88,185	82,653	59,104	59,657	53,626	34,727
Total tonnes/calendar day	**837**	818	959	908	657	648	583	382
Recovered grades (gpt)								
Eagle River Mine	**4.9**	8.7	7.4	6.6	7.0	12.5	10.1	13.1
Mishi Mine	**1.5**	1.9	2.6	2.3	2.0	1.8	2.4	2.1
Production (ounces)								
Eagle River Mine	**6,254**	11,625	10,637	9,848	8,903	11,183	10,873	13,386
Mishi Mine	**1,782**	1,945	3,647	2,628	1,237	1,798	1,583	204
Total gold produced	**8,036**	13,570	14,284	12,476	10,140	12,981	12,456	13,590
Gold sales (ounces)	**8,100**	16,023	12,408	11,740	9,633	15,188	15,878	11,179
Mishi Mine								
Ore mined (tonnes)	**67,960**	32,531	46,338	28,685	17,613	23,449	-	-
Waste mined (tonnes)	**113,082**	197,727	99,969	156,615	189,085	84,250	-	-
Strip ratio	**1.7**	6.1	2.2	5.5	10.7	3.6	-	-
Stockpile balance (tonnes)	**43,919**	13,641	13,500	23,838	10,499	25,513	45,153	66,402
Eagle River Complex (per oz performance)								
Per ounce data, sales basis *								
Average realized price	**1,640**	1,474	1,467	1,465	1,499	1,378	1,407	1,435
Production cash costs	**1,776**	990	1,043	1,201	1,338	1,012	967	866
Cash margin	**(136)**	484	424	264	161	366	440	569
All-in sustaining costs	**2,505**	1,293	1,474	1,648	1,971	1,369	1,290	1,332
All-in sustaining costs (US$)	**1,823**	969	1,126	1,340	1,588	1,178	1,184	1,222
Per ounce data, production basis *								
Mine cash costs	**1,766**	1,029	994	1,161	1,345	1,011	975	859
Mine cash costs (US$)	**1,285**	770	760	945	1,084	869	895	788
All-in sustaining costs	**2,501**	1,388	1,368	1,582	1,946	1,428	1,386	1,242
All-in sustaining costs (US$)	**1,820**	1,039	1,045	1,287	1,569	1,229	1,273	1,139
Mine cash costs/tonne milled *	**186**	185	161	175	231	220	226	336

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

FIRST QUARTER FINANCIAL RESULTS

Q1 2016 compared to Q1 2015

(in $000 except per share and per ounce amounts)	**Q1 2016**	**Q1 2015**	**Variance**
Gold revenue	**13,284**	14,442	(1,158)
Mining operations	**15,839**	14,464	(1,375)
Administration	**1,185**	803	(382)
Kiena Mine care and maintenance costs	**446**	493	47
Interest and other items	**329**	216	(113)
Decommissioning provisions	**(50)**	21	71
Deferred tax recovery	**(1,165)**	(784)	381
	16,584	15,213	(1,371)
Net loss	**(3,300)**	(771)	(2,529)
Net loss per share	**(0.03)**	(0.01)	(0.02)
Operating cash outflow	**(2,786)**	133	(2,919)
Operating cash outflow adjusted for Kiena care and maintenance costs	**(2,340)**	626	(2,966)
Gold produced (ounces)	**8,036**	10,140	(2,104)
Gold sold (ounces)	**8,100**	9,633	(1,533)
Average realized price per ounce ($)	**1,640**	1,499	141
Total production cash costs ($)	**14,195**	13,640	(555)
Unit production cash costs/ounce ($)	**1,766**	1,345	(421)
AISC/ounce on a production basis ($)	**2,501**	1,946	(555)
Eagle River ore milled (tonnes)	**39,839**	39,815	24
Eagle River gold produced (ounces)	**6,254**	8,903	(2,649)
Eagle River recovered grade (gpt)	**4.9**	7.0	(2.1)
Mishi ore milled (tonnes)	**36,287**	19,289	16,998
Mishi gold produced (ounces)	**1,782**	1,237	545
Mishi recovered grade (gpt)	**1.5**	2.0	(0.5)
Total ore milled (tonnes)	**76,126**	59,104	17,022

Revenue

Total gold production and gold sales for Q1 2016 were down 21% and 16% from Q1 2015, respectively. These decreases accounted for an 8% decrease in revenue for Q1 2016 compared to Q1 2015 partially offset by 9% increase in the realized gold price.

Mining operations

Mining operations, which include costs associated with mining, processing, depletion and royalties, increased to $15,839 in Q1 2016 from $14,464 in Q1 2015 due to an increase in mill throughput to 76,126 tonnes in Q1 2015 from 59,104 tonnes in Q1 2015 offset by lower depreciation and royalty cost. Unit production cash costs per ounce sold increased in Q1 2016 compared to Q1 2015 due to the lower grade at Eagle River of 4.9 gpt in Q1 2016 compared to 7.0 gpt in Q1 2015. Eagle River mill throughput was 39,839 tonnes in Q1, 2016 which is consistent with 39,815 tonnes in Q1 2015; however due to low grades there is a 16% decrease in ounces produced. Mishi mill throughput in Q1 2016 increased by 88% from

19,289 in Q1 2015 to 36,287 tonnes milled in Q1 2016 resulting only in 44% incease in ounces produced from 1,237 in prior quarter of 2015 to 1,782 in 2016 due to lower grades at Mishi Mine.

All-in sustaining costs on the production basis were $2,501 (US$1,820) per ounce, an increase of 28% compared to Q1 2015 ($1,946; US$1,569 per ounce). This increase is due mainly to higher mining and milling costs, lower grades and higher capital expenditures in the current quarter.

Administration

Administration costs increased 48% compared to Q1 2015 due to increased salaries and stock option expenses at head office, and higher legal expenses.

Kiena care and maintenace costs

Kiena care and maintenance costs decreased slightly due to the sale of supplies inventory of $51,000 in Q1 2016.

Net loss

The Company recorded a net loss of $3.3 million in Q1 2016 compared to a net loss of $0.8 million in Q1 2015. This was due to the negative profit margin of $1.1 million in Q1 2016 compared to profit margin of $1.6 million in Q1 2015 plus $0.4 million increase in administration expense.

EAGLE RIVER COMPLEX

The combined Eagle River and Mishi production for Q1 2016 was 8,036 ounces, a 21% decrease compared to 10,140 ounces in Q1 2015.

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%.

The mill processed 76,126 tonnes or 837 tpd during Q1 2016 compared to 59,104 tonnes or 657 tpd in Q1 2015 reflecting a progressive increase over the past three years. Our target for the mill is to maintain processing at 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. We hired an operating management and engineering team and began metallurgical testing with results expected around the end of June 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 17 road km to the south of the mill.

To date, the mine has produced 3,668,000 tonnes at a recovered grade of 9.0 gpt, or 1,059,000 ounces of gold, over a 20 year mine life with the bulk of production coming from the main No. 8 vein structure.

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 late 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 early May 2016 an additional underground drill has moved 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. Since the No. 7 Zone target is located close to existing infrastructure, drilling success 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 459,000 tonnes at a recovered grade of 2.6 gpt producing 38,600 ounces of gold. In Q1 2016, Mishi feed continued to consist of new run of mine ore amounting to 36,287 tonnes with an average grade of 1.5 gpt, and we ended the quarter with 43,919 tonnes of stockpiled ore. We expect 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 commenced an aggressive drilling program with two drills to stepout beyond known information to test the size of the system. In addition, geotechnical studies will be initiated in Q3 2016 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

The following is a summary of the reserve and resource estimates as at December 31, 2015.

- 431,000 ounces Mineral Reserves at Eagle River and Mishi
- 300,000 ounces Eagle River Mineral Reserves
- 131,000 ounces Mishi surface mineable Mineral Reserves
- 170,000 ounces Eagle River Inferred Mineral Resources reflecting drilling successes of new parallel zones
- 248,000 ounces Mishi surface Indicated Mineral Resources and 59,000 ounces Inferred Mineral Resources

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 MINE COMPLEX AND EXPLORATION PROPERTIES

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. This is the first time that the Company's contiguous Val d'Or properties have been compiled in a 43-101 Technical Report.

We are examining options to maximize value from this very prospective asset. Among these options is a proposed underground drilling program to test the S50 deep target.

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).

The Company is in the process of acquiring from Canoe Mining a 100% interest in the Coldstream Project and the Hamlin-Deaty Creek Property, which are near the Moss Lake properties located 100 kilometres due west of Thunder Bay, Ontario.

Upon completion of this acquisition, Wesdome is consolidating its land position in the Shebandowan Greenstone Belt. The acquired properties include the former producing Coldstream Mine and East Coldstream gold deposit and their potential untested extensions. This acquisition will also eliminate a historically inconvenient property boundary immediately along strike of the 3 million ounce Moss Lake gold deposit. This property boundary area has never been drilled and the acquisition provides the opportunity to significantly expand resources with further drilling along strike. Plans for future exploration are being formulated, subject to completion of the acquisition.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2016, the Company had working capital of $4.0 million compared to $12.5 million at December 31, 2015. During 2016, capital expenditures totalled $4.4 million compared to $5.4 million in 2015. Capital expenditures were concentrated on underground development and infrastructure, mill improvements and upgrades, surface preparation, permitting for a new tailings management area and flow-through expenses. Our cash position decreased to $8.0 million from $15.4 million in Q4 2016 due to the poor operational performance.

The Company carried an inventory of gold at March 31, 2016, which consisted of 2,261 ounces of gold with a market value of approximately $3.6 million with a carrying value of $2.6 million. Accordingly, the adjusted working capital at March 31, 2016, would have been $5.0 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. As at March 31, 2016, $1.3 million was transferred to restricted funds as security for this obligation.

On April 29, 2016, the Company closed a public offering of 10,465,000 common shares at a price of $1.65 per common share, for total gross proceeds of $17.3 million, including the exercise in full of the over-allotment option by the underwriters. Wesdome intends to use the net proceeds of approximately $16 million from this offering for mill and tailings dam expansion and associated infrastructure at the Company's Eagle River Complex, and for working capital and general corporate purposes.

The Company believes it has sufficient liquidity to carry out its current mining, development and exploration programs.

SUMMARY OF SHARES ISSUED

As of May 10, 2016, the Company's share information is as follows:

Common shares issued	129,244,135
Common share purchase options	4,159,058

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	$ 5,439	$ 1,793	$ 1,456	$ 2,190	-
Convertible debentures	7,553	491	7,062	-	-
Kiena reclamation deposit	4,882	3,091	1,791	-	-
Flow- through expenditures	2,554	2,554	-	-	
	$ 20,428	$ 7,929	$ 10,309	$ 2,190	-

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

(in $000)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Gold and silver bullion revenue	**13,284**	23,622	18,199	17,202	14,442	20,922	22,342	16,044
Mining and processing costs	**14,389**	15,855	12,946	14,099	12,885	15,377	15,358	9,681
Mine operating (loss) profit	**(1,105)**	7,767	5,253	3,103	1,557	5,545	6,984	6,363

Cash costs per ounce of gold sold

(in $000 except per ounce amount)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Mining and processing costs	**14,389**	15,855	12,946	14,099	12,885	15,377	15,358	9,681
Ounces of gold sold	**8,100**	16,023	12,408	11,740	9,633	15,188	15,878	11,179
Total cash costs per ounce of gold sold	**1,776**	990	1,043	1,201	1,338	1,012	967	866
Average 1 USD → CAD exchange rate	**1.3742**	1.3353	1.3089	1.2293	1.2409	1.1626	1.0891	1.0901
Total cash cost per ounce of gold sold (US$)	**1,292**	741	797	977	1,078	871	888	794

Cash margin per ounce of gold sold

(amounts in Canadian dollars)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Gold price per ounce sold	**1,640**	1,474	1,467	1,465	1,499	1,378	1,407	1,435
Cash costs of gold sold	**1,776**	990	1,043	1,201	1,338	1,012	967	866
Cash margin per ounce of gold sold (CAD$)	**(136)**	484	424	264	161	366	440	569
Average 1 USD → CAD exchange rates	**1.3742**	1.3353	1.3089	1.2293	1.2409	1.1626	1.0891	1.0901

(amounts in United States dollars)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Gold price per ounce sold	**1,193**	1,104	1,121	1,192	1,208	1,185	1,292	1,316
Cash costs of gold sold	**1,292**	741	797	977	1,078	871	888	794
Cash margin per ounce of gold sold (US$)	**(99)**	363	324	215	130	314	404	522

Average realized price per ounce of gold sold

(in $000 except per ounce amount)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Gold produced (ounces)	**8,036**	13,570	14,284	12,476	10,140	12,981	12,456	13,590
Gold sales (ounces)	**8,100**	16,023	12,408	11,740	9,633	15,188	15,878	11,179
Gold sales ($)	**13,284**	23,622	18,199	17,202	14,442	20,922	22,342	16,044
Average realized price per ounce of gold sold ($)	**1,640**	1,474	1,467	1,465	1,499	1,378	1,407	1,435
Average gold price per ounce ($) [1]	**1,623**	1,475	1,471	1,465	1,509	1,400	1,396	1,405

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

Production costs per ounce of gold

(in $000 except per ounce amount)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Mining and processing costs	**14,389**	15,855	12,946	14,099	12,885	15,377	15,358	9,681
Inventory adjustment ƚ	**(194)**	(1,896)	1,257	387	755	(2,256)	(3,213)	1,992
Production costs	**14,195**	13,959	14,203	14,486	13,640	13,121	12,145	11,673
Gold production (ounces)	**8,036**	13,570	14,284	12,476	10,140	12,981	12,456	13,590
Production costs per ounce	**1,766**	1,029	994	1,161	1,345	1,011	975	859
Tonnes milled	**76,126**	75,285	88,185	82,653	59,104	59,657	53,626	34,727
Production cost/tonne milled	**186**	185	161	175	231	220	226	336

ƚ 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.

	Q1/16	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Per ounce data, production basis (CAD$)								
Mining costs	**1,316**	753	753	867	990	751	727	645
Milling costs	**450**	276	241	294	355	260	248	214
	1,766	1,029	994	1,161	1,345	1,011	975	859
Average 1 USD → CAD exchange rates	**1.3742**	1.3353	1.3089	1.2293	1.2409	1.1626	1.0891	1.0901

	Q1/16	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Per ounce data, production basis (US$)								
Mining costs	**958**	563	575	705	798	646	668	592
Milling costs	**327**	207	185	240	286	223	227	196
	1,285	770	760	945	1,084	869	895	788

All-in sustaining costs per ounce of gold

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

Sales basis

(in $000 except per ounce amount)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Mining and processing costs	**14,389**	15,855	12,946	14,099	12,885	15,377	15,358	9,681
Add:								
Royalties	**199**	336	305	286	262	331	345	289
Corporate and general	**904**	1,688	689	729	687	766	625	630
Sustaining mine capital, equipment leases and exploration	**4,801**	2,846	4,344	4,231	5,148	4,325	4,154	4,291
All-in costs adjustment	**5,904**	4,870	5,338	5,246	6,097	5,422	5,124	5,210
All-in sustaining costs	**20,293**	20,725	18,284	19,345	18,982	20,799	20,482	14,891
Gold sold (ounces)	**8,100**	16,023	12,408	11,740	9,633	15,188	15,878	11,179
All-in sustaining costs per ounce (CAD$)	**2,505**	1,293	1,474	1,648	1,971	1,369	1,290	1,332
Average 1 USD → CAD exchange rate	**1.3742**	1.3353	1.3089	1.2293	1.2409	1.1626	1.0891	1.0901
All-in sustaining costs per ounce (US$)	**1,823**	969	1,126	1,340	1,588	1,178	1,184	1,222

Production basis

(in $000 except per ounce amount)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Production costs (see table at page 14)	**14,195**	13,959	14,203	14,486	13,640	13,121	12,145	11,673
All-in costs adjustment (see table above)	**5,904**	4,870	5,338	5,246	6,097	5,422	5,124	5,210
All-in sustaining costs	**20,099**	18,829	19,541	19,732	19,737	18,543	17,269	16,883
Gold produced (ounces)	**8,036**	13,570	14,284	12,476	10,140	12,981	12,456	13,590
All-in sustaining costs per ounce (CAD$)	**2,501**	1,388	1,368	1,582	1,946	1,428	1,386	1,242
Average 1 USD → CAD exchange rates	**1.3742**	1.3353	1.3089	1.2293	1.2409	1.1626	1.0891	1.0901
All-in sustaining costs per ounce (US$)	**1,820**	1,039	1,045	1,287	1,569	1,229	1,273	1,139

Operating cash flow per share

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

(in $000 except per ounce amount)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Cash flow from operating activities before working capital adjustments	**(2,786)**	5,153	3,333	1,436	133	4,192	5,585	5,264
Kiena care and maintenance costs	**446**	630	935	658	493	300	717	377
Operating cash flow (adjusted)	**(2,340)**	5,783	4,268	2,094	626	4,492	6,302	5,641
Weighted average number of shares (000's)	**118,313**	115,140	111,186	111,051	111,073	110,940	111,098	111,141
Operating cash flow per share	**(0.02)**	0.04	0.03	0.01	0.00	0.04	0.05	0.05
Operating cash flow per share (adjusted)	**(0.02)**	0.05	0.04	0.02	0.01	0.04	0.06	0.05

Free cash flow and free cash flow per share

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

(in $000)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Cash flow from operating activities before working capital adjustments	**(2,786)**	5,153	3,333	1,436	133	4,192	5,585	5,264
Exploration	**(452)**	50	(6)	(42)	(573)	(54)	(472)	(68)
Sustaining capital	**(3,952)**	(2,467)	(3,953)	(3,941)	(4,842)	(4,050)	(3,957)	(4,066)
Free cash flow	**(7,190)**	2,736	(626)	(2,547)	(5,282)	88	1,156	1,130
Kiena care and maintenance costs	**446**	630	935	658	493	300	717	377
Free cash flow (adjusted)	**(6,744)**	3,366	309	(1,889)	(4,789)	388	1,873	1,509
Weighted average number of shares (000's)	**118,313**	115,140	111,186	111,051	111,073	110,940	111,098	111,141
Free cash flow per share	**(0.06)**	0.02	(0.01)	(0.02)	(0.05)	0.00	0.01	0.01
Free cash flow per share (adjusted)	**(0.06)**	0.03	0.00	(0.02)	(0.04)	0.00	0.02	0.01

Net income (loss) adjusted for Kiena

(in $000)	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**	**Q2/14**
Net (loss) income	**(3,300)**	1,110	(4,294)	(746)	(771)	2,589	2,238	2,878
Kiena decommissioning provision	**-**	237	4,934	-	-	-	-	-
Kiena care and maintenance	**446**	630	935	658	493	300	717	377
Net (loss) income adjusted	**(2,854)**	3,186	1,977	1,575	(88)	2,889	2,955	3,255
Weighted average number of shares (000's)	**118,313**	115,140	111,186	111,051	111,073	110,940	111,098	111,141
Net (loss) income per share (adjusted)	**(0.02)**	0.02	0.01	(0.00)	(0.00)	0.03	0.03	0.03

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical accounting estimates used by the Company are discussed in detail in the 2015 annual MD&A for the year ended December 31, 2015, under the heading "Critical Accounting Estimates and Judgments", as well as the 2015 annual audited financial statements for the year ended December 31, 2015, in Note 4.

There have been no material changes to these estimates and judgments from December 31, 2015 up to the date of this MD&A.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Financial Instruments – Fair Values

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

March 31, 2016 (in $000)	Loans and Receivables	Other Financial Liabilities	Total Carrying Amount	Fair Value
Cash	**8,100**	**-**	**8,100**	**8,100**
Receivables	**2,183**	**-**	**2,183**	**2,183**
Restricted funds	**3,829**	**-**	**3,829**	**3,829**
Total assets	**14,112**	**-**	**14,112**	**14,112**
Payables and accruals	**-**	**9,527**	**9,527**	**9,527**
Obligations under capital lease	**-**	**5,439**	**5,439**	**5,439**
Convertible debentures	**-**	**6,642**	**6,642**	**7,021**
Total liabilities	**-**	**21,608**	**21,608**	**21,987**

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

Determination of Fair Value

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

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

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

Other financial liabilities – Payables and accruals, obligations under finance leases, and convertible debentures are carried at amortized cost. The carrying amount of payables and accruals approximates fair value due to the short maturity of these financial instruments. The fair value of obligations under finance leases approximate their carrying values as the obligations are entered into at market interest rates. The fair value of the convertible debentures is based on the quoted market price.

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

Financial and Capital Risk Management

As at and during the period ended March 31, 2016, the Company's financial risk exposure and its financial risk management practices were consistent with those disclosed and applied in Note 21 to the Company's consolidated financial statements for the year ended December 31, 2015.

RISKS AND UNCERTAINTIES

Risks and uncertainties related to economic and industry factors and the Company's approach to the management of these risks are discussed in detail in the 2015 annual MD&A for the year ended December 31, 2015.

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.

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 ended March 31, 2016, 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.

RISK FACTORS

Refer to the risk factors described in the Company's 2015 Annual Information Form filed on SEDAR at www.sedar.com.