WESDOME

WESDOME GOLD MINES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED

JUNE 30, 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 six months ended June 30, 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 August 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*
Q2 2016	*April 1, 2016 – June 30, 2016*	**Q2 2015**	*April 1, 2015 – June 30, 2015*
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*

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 – Three and Six Months 2016 and 2015					
	Three Months ended June 30			**Six Months ended June 30**	
	2016	2015		**2016**	2015
(in $000, except per share amounts)					
Revenue	**18,447**	17,202		**31,731**	31,644
Mine operating profit*	**4,493**	3,103		**3,388**	4,660
Net income (loss)	**1,837**	(746)		**(1,463)**	(1,517)
Net income (loss) adjusted*	**409**	(88)		**(2,445)**	(366)
Basic net income (loss) per share	**0.01**	(0.01)		**(0.01)**	(0.01)
Basic net income (loss) per share adjusted*	**0.00**	(0.00)		**(0.02)**	(0.00)
Cash flows from operating activities	**4,885**	1,436		**2,099**	1,569
Cash flows from operating activities adjusted*	**3,457**	2,094		**1,117**	2,720
Cash and cash equivalents	**26,802**	4,067		**26,802**	4,067
Working capital	**16,598**	3,287		**16,598**	3,287

Operational Results – Three and Six Months 2016 and 2015					
	Three Months ended June 30			**Six Months ended June 30**	
	2016	2015		**2016**	2015
Eagle tonnes milled	**45,305**	46,340		**85,144**	86,155
Mishi tonnes milled	**33,546**	36,313		**69,833**	55,602
Total tonnes milled	**78,851**	82,653		**154,977**	141,757
Eagle recovered grade (gpt)	**7.0**	6.6		**6.0**	6.8
Mishi recovered grade (gpt)	**1.8**	2.3		**1.7**	2.1
Eagle ounces produced	**10,210**	9,848		**16,464**	18,751
Mishi ounces produced	**1,937**	2,628		**3,719**	3,865
Total ounces produced	**12,147**	12,476		**20,183**	22,616
Ounces sold	**11,265**	11,740		**19,365**	21,373
Average realized price (CAD$/oz) *	**1,637**	1,465		**1,639**	1,481
Average realized price (US$/oz) *	**1,271**	1,192		**1,231**	1,199
Production cash costs (CAD$/oz) *	**1,188**	1,161		**1,419**	1,244
Production cash costs/oz (US$/oz)	**922**	945		**1,066**	1,007
All-in-sustaining costs (CAD$/oz)*	**1,687**	1,582		**1,982**	1,745
All-in-sustaining costs (US$/oz) *	**1,309**	1,287		**1,489**	1,413

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

2016 SECOND QUARTER SUMMARY

- Gold production of 12,147 ounces
  - Eagle River Mine underground production of 10,210 ounces at a recovered grade of 7.0 grams per tonne ("gpt") with a mill recovery of 93%
  - Mishi Open Pit mine production of 1,937 ounces at a recovered grade of 1.8 gpt with a mill recovery of 86%
- Total mill throughput of 78,851 tonnes averaging 866 tonnes per calendar day
- Revenue of $18.4 million on gold sales of 11,265 ounces at an average realized price of $1,637 (US$1,271) per ounce compared to $13.3 million in the previous quarter due to higher production
- Mine operating profit* of $4.5 million compared to a loss* of $(1.1) million in the previous quarter due to higher recovered grades
- Net income of $1.8 million, or $0.01 per share; compared to a net loss of $(3.3) million, or ($0.03) per share, in the previous quarter. After adjusting for Kiena care and maintenance cost of $0.6 million, annual general meeting cost $0.6 million and net of exploration credit refund of $2.6 million, net income of $0.4* million, or $0.00* per share, compared to a net loss of $(2.9)* million, or ($0.02)* per share, in the previous quarter
- Operating cash flow of $4.9 million, or $0.04* per share, compared to a negative cash flow of $(2.8) million, or $(0.02)* per share, in the previous quarter. After adjusting for Kiena care and maintenance

cost, annual general meeting cost and exploration credit refund, operating cash flow was $3.5 million* compared to a negative cash flow $(2.3) million*, in the previous quarter
- Production cash costs per ounce* were $1,188 (US$922) a 33% decrease from $1,766 (US$1,285) per ounce in the previous quarter
- All-in sustaining costs per ounce (“AISC”)* on a production basis were $1,687 (US$1,309) a 31% decrease from $2,428 (US$1,767) per ounce in the previous quarter, reflects increased exploration counteracted by significantly improved production in the current quarter
- Cash and cash equivalents of $26.8 million, 3,002 ounces gold in inventory at market price of $5.1 million and working capital of $16.6 million as at June 30, 2016; resulting from financing and disposition of non-core assets
- Exploration drilling extends high grade 7 Zone 200 metres and initial drifting confirms continuity
- Underground exploration drilling program launched at Kiena

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

Second Quarter 2016 Production Results

Q2 2016 combined production from the Eagle River Complex was forecast at approximately 12,000 ounces with 9,000 ounces coming from the Eagle River Underground Mine and 3,000 ounces from the Mishi Open Pit Mine. Q2 2016 combined production was 12,147 ounces (versus guidance of 12,000), a 51% increase over 8,036 ounces produced in Q1 2016. During Q2 2016, the mill processed 45,305 tonnes of Eagle River ore at a recovered grade of 7.0 gpt to produce 10,210 ounces (versus guidance of 9,000); and 33,546 tonnes of Mishi ore at a recovered grade of 1.8 gpt to produce 1,937 ounces (versus guidance of 3,000).

Mining of the 811 Zone was re-established along with the 311 Zone leading to higher grades from the Eagle River Mine. While the cut-off grade was increased for Mishi, its full impact will be seen in Q4 2016 due to the large stockpile of Mishi ore. Improved underground development rates at Eagle River are expected to deliver better grades from Eagle for the balance of the year. Wesdome is pleased to deliver these better results in a responsible manner and have now operated over two and half years since our last lost time incident.

As at June 30, 2016, the stockpile consisted of 47,635 tonnes of Mishi and Eagle ore compared to 46,858 tonnes of Mishi and Eagle ore as at March 31, 2016. This stockpile includes 46,381 tonnes of ore with an estimated recovered grade of 1.8 gpt from Mishi and 1,254 tonnes of Eagle ore with an estimated recovered grade of 7.0 gpt provided during the second quarter.

OUTLOOK

Production for the year ending December 31, 2016 was previously forecast to range between 54,000-60,000 ounces of gold. The Company notes that 2016’s full-year guidance is currently under review due to the appointment of our new President and CEO, Duncan Middlemiss, who starts at Wesdome on August 15, 2016.

We have now opened up three parallel zones in the western portion of the Eagle River Mine. Of particular interest currently is a sill drift on the 300 Zone which has encountered 140 m of strong grades and continues west beyond available drilling information.

Mr. Middlemiss has extensive mine management and planning experience. A review of operations, including these recent developments, will refine the existing guidance in Q3 2016.

Wesdome is continuing with its community engagement and permitting activities with respect to the proposed New Tailings Management Facility. As well, we are in the process of finishing engineering studies to prolong the existing Tailings Management Area which has projected capacity into the first quarter of 2018 under the previously approved design.

SUBSEQUENT EVENTS

Québec exploration credits refund

The Company was reassessed by Revenu Québec in 2011 for exploration credits claimed in 2005 and 2006 relating to the Kiena exploration properties. The Company repaid $5.2 million including interest relating to these reassessments in 2011 in order to avoid further interest in the event of an unsuccessful appeal. The Company launched appeals of these reassessments and was successful for both years. In April 2016, Revenu Québec appealed the decisions of the Court of Québec, however it was obligated to repay at least 50% of the reassessed amount. Accordingly, $2.6 million was received in early July, 2016.

The amount repaid in 2011 was included in the capitalized costs which were subsequently reclassified as mining properties in 2008 when Kiena went into production. The Kiena mining assets were subsequently written off after being placed on care and maintenance in 2013. Accordingly, the Company has recorded the $2.6 million as a receivable as at June 30, 2016, and as income in the statement of income for the three months period then ended.

The Company will recognize as income the remaining $2.6 million balance pending an appeal favourable to the Company. In the unlikely event that Revenu Québec is successful upon appeal, then the Company will have to repay the $2.6 million received in July 2016.

Management change

On July 27, 2016, the Company announced the appointment of Mr. Duncan Middlemiss as President and Chief Executive Officer effective August 15, 2016. Mr. Rolly Uloth, who has held the position for the past three years, will continue as a director of the Company as part of a planned succession.

Mr. Middlemiss was most recently the President and Chief Executive Officer and a director of St. Andrew Goldfields Ltd. (“SAS”) until its acquisition by Kirkland Lake Gold Inc. in January, 2016. Mr. Middlemiss joined SAS in July, 2008, as General Manager and Vice President Operations, later assuming the role of Chief Operating Officer. He was appointed as President and Chief Executive Officer in October, 2013. He earned a B. Sc. in mining engineering at Queen’s University in 1989 and worked for Inco Limited (now Vale Canada Limited) as Mine Design Engineer until 1995. At that time he joined Barrick Gold Inc. at their Holt-McDermott Mine, where he held the position of Chief Mine Engineer. In 2002 he joined Foxpoint Resources (now Kirkland Lake Gold Inc.) where he was instrumental in overseeing the rehabilitation, development, and commencement of production at the Macassa Mine beginning as Engineering & Production Manager, and later as Mine Manager. Mr. Middlemiss is a native of Kirkland Lake, Ontario and has extensive experience in the mining of gold deposits in the Abitibi Greenstone Belt.

QUARTERLY FINANCIAL AND OPERATIONAL RESULTS

(in $000 except per share and per ounce amounts and unless otherwise stated)	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14
Financial results								
Gold revenue	**18,447**	13,284	23,622	18,199	17,202	14,442	20,922	22,342
Mine operating profit (loss) *	**4,493**	(1,105)	7,767	5,253	3,103	1,557	5,545	6,984
Net income (loss)	**1,837**	(3,300)	1,110	(4,294)	(746)	(771)	2,589	2,238
Net income (loss) adjusted *	**409**	(2,854)	1,977	1,575	(88)	(278)	2,889	2,955
Operating cash flow	**4,885**	(2,786)	5,153	3,333	1,436	133	4,192	5,585
Free cash flow *	**(2,147)**	(7,190)	2,736	(626)	(2,547)	(5,282)	88	1,156
Free cash flow adjusted *	**(3,575)**	(6,744)	3,366	309	(1,889)	(4,789)	388	1,873
Per share information:								
Basic (loss) income	**0.01**	(0.03)	0.01	(0.04)	(0.01)	(0.01)	0.02	0.02
Operating cash flow *	**0.04**	0.02)	0.04	0.03	0.01	0.00	0.04	0.05
Free cash flow *	**(0.02)**	(0.06)	0.02	(0.01)	(0.02)	(0.05)	0.00	0.01
Free cash flow adjusted *	**(0.03)**	(0.06)	0.03	0.00	(0.02)	(0.04)	0.00	0.02
Cash and cash equivalents	**26,802**	8,100	15,424	3,705	4,067	9,929	15,408	10,740
Working capital	**16,598**	3,972	12,507	2,977	3,287	6,605	12,565	13,555
Total assets	**149,195**	127,113	128,387	117,704	117,219	117,914	116,607	109,987
Total non-current financial liabilities	**11,554**	18,196	17,694	17,055	12,131	11,102	11,264	9,955
Operational results								
Milling (tonnes)								
Eagle River Mine	**45,305**	39,839	42,185	44,849	46,340	39,815	27,798	33,377
Mishi Mine	**33,546**	36,287	33,100	43,336	36,313	19,289	31,859	20,249
Total milled	**78,851**	76,126	75,285	88,185	82,653	59,104	59,657	53,626
Total tonnes/calendar day	**866**	837	818	959	908	657	648	583
Recovered grades (gpt)								
Eagle River Mine	**7.0**	4.9	8.7	7.4	6.6	7.0	12.5	10.1
Mishi Mine	**1.8**	1.5	1.9	2.6	2.3	2.0	1.8	2.4
Production (ounces)								
Eagle River Mine	**10,210**	6,254	11,625	10,637	9,848	8,903	11,183	10,873
Mishi Mine	**1,937**	1,782	1,945	3,647	2,628	1,237	1,798	1,583
Total gold produced	**12,147**	8,036	13,570	14,284	12,476	10,140	12,981	12,456
Gold sales (ounces)	**11,265**	8,100	16,023	12,408	11,740	9,633	15,188	15,878
Mishi Mine								
Ore mined (tonnes)	**37,808**	67,960	32,531	46,338	28,685	17,613	23,449	-
Waste mined (tonnes)	**181,072**	113,082	197,727	99,969	156,615	189,085	84,250	-
Strip ratio	**4.8**	1.7	6.1	2.2	5.5	10.7	3.6	-
Stockpile balance (tonnes)	**46,381**	43,919	13,641	13,500	23,838	10,499	25,513	45,153
Eagle River Complex (per oz performance)								
Per ounce data, sales basis *								
Average realized price	**1,637**	1,640	1,474	1,467	1,465	1,499	1,378	1,407
Production cash costs	**1,239**	1,776	990	1,043	1,201	1,338	1,012	967
Cash margin	**398**	(136)	484	424	264	161	366	440
AISC	**1,777**	2,433	1,293	1,474	1,648	1,971	1,369	1,290
AISC (US$)	**1,379**	1,770	969	1,126	1,340	1,588	1,178	1,184
Per ounce data, production basis *								
Mine cash costs	**1,188**	1,766	1,029	994	1,161	1,345	1,011	975
Mine cash costs (US$)	**922**	1,285	770	760	945	1,084	869	895
AISC	**1,687**	2,428	1,388	1,368	1,582	1,946	1,428	1,386
AISC (US$)	**1,309**	1,767	1,039	1,045	1,287	1,569	1,229	1,273
Mine cash costs/tonne milled *	**183**	186	185	161	175	231	220	226

Note:

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

SECOND QUARTER FINANCIAL RESULTS

Three months ended June 30, 2016

(in $000 except per share and per ounce amounts)	**Q2 2016**	**Q2 2015**	**Variance**
Gold revenue	**18,447**	17,202	1,245
Mining operations	**15,925**	16,118	193
Administration	**1,114**	858	(256)
Annual general meeting	**577**	-	(577)
Kiena Mine care and maintenance costs	**615**	658	43
Interest and other items	**231**	227	(4)
Decommissioning provisions	**54**	21	(33)
Deferred tax recovery	**714**	66	(648)
Refund from Québec	**(2,620)**	-	2,620
	16,610	17,948	1,338
Net income (loss)	**1,837**	(746)	2,583
Net income (loss) per share	**0.01**	(0.01)	0.02
Operating cash flow	**4,885**	1,436	3,449
Operating cash flow adjusted *	**3,457**	2,094	1,363
Gold produced (ounces)	**12,147**	12,476	(329)
Gold sold (ounces)	**11,265**	11,740	(475)
Average realized price per ounce* ($)	**1,637**	1,465	172
Total production cash costs* ($)	**14,435**	14,486	51
Unit production cash costs/ounce* ($)	**1,188**	1,161	(27)
AISC/ounce on a production basis* ($)	**1,687**	1,582	(105)
Eagle River ore milled (tonnes)	**45,305**	46,340	(1,035)
Eagle River gold produced (ounces)	**10,210**	9,848	362
Eagle River recovered grade (gpt)	**7.0**	6.6	0.4
Mishi ore milled (tonnes)	**33,546**	36,313	(2,767)
Mishi gold produced (ounces)	**1,937**	2,628	(691)
Mishi recovered grade (gpt)	**1.8**	2.3	(0.5)
Total ore milled (tonnes)	**78,851**	82,653	(3,802)

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

Revenue

Total gold production and gold sales for Q2 2016 were down 3% from Q2 2015. This decrease was offset by a 12% increase in the realized gold price which resulted in a 7% increase in gold revenue in Q2 2016 compared to Q2 2015.

Mining operations

Mining operations, which include costs associated with mining, processing, depletion and royalties, decreased slightly to $15,925 in Q2 2016 from $16,118 in Q2 2015. Unit production cash costs per ounce sold increased slightly in Q2 2016 compared to Q2 2015 due to lower ounces sold. Eagle River mill throughput was 45,305 tonnes in Q2 2016 which is comparable to the 46,340 tonnes milled in Q2 2015 with increased recovered grade resulting in a 4% improvement in Eagle production. Mishi mill throughput in Q2 2016 decreased by 8% from 36,313 in Q2 2015 to 33,546 tonnes milled in Q2 2016 and with reduced grade resulted in a 26% decrease in Mishi ounces produced from 2,628 in Q2 2015 to 1,937 in Q2 2016.

All-in sustaining costs on the production basis were $1,687 (US$1,309) per ounce, an increase of 7% compared to Q2 2015 ($1,582; US$1,287 per ounce). This increase is due mainly to higher exploration costs, capital equipment and development costs.

Administration

Administration costs increased by 30% compared to Q2 2015 due to increased salaries, stock option expenses and legal costs.

Annual general meeting

On May 16, 2016, one day prior to the regularly scheduled annual general meeting of shareholders, the Board of Directors of Wesdome received a letter from Resolute Performance Fund ("Resolute) detailing concerns with operations and management of the Company and the proposed slate of directors.

In response to Resolute's concerns, the Board created a Special Committee for the purpose of reporting and making recommendations to the Board. The Company cooperated with Resolute by postponing the annual meeting to June 14, 2016 and the slate of nominees was reduced to seven due to one nominee who subsequently declined to stand for election. The Company engaged a proxy solicitation firm and hired expert advisors to assist in communicating the Company's message and strategy of enhancing its board with additional nominees having extensive mining operations and management, and capital markets experience, who will oversee the Company's organic, internal growth strategy at its flagship property, the Eagle River Mine Complex and its two other assets, the Kiena Complex and Moss Lake. The end result was that the Company's proposed six nominees were ultimately elected and the Company incurred $0.6 million in one-time administrative costs related to this action. Resolute has reduced its holdings in the Company from approximately 25% at the time of its action to 17.5% as at July 31, 2016.

Kiena care and maintenance costs

Kiena care and maintenance costs decreased slightly due to the sale of supplies inventory.

Net income

The Company recorded a net income of $1.8 million in Q2 2016 compared to a net loss of $(0.7) million in Q2 2015. This was due to the increased profit margin of $4.5 million in Q2 2016 compared to profit margin of $3.1 million in Q2 2015. Due to higher gold prices, revenue increased by 7% despite a 4% decrease in sales. In addition, as discussed earlier, the Company received a $2.6 million refund in July, 2016, from Revenu Québec which was recorded as income in Q2 2016.

Six months ended June 30, 2016

(in $000 except per ounce amount)	Six months ended June 30 2016	2015	% Variance
Gold and silver bullion revenue ($)	**31,731**	31,644	0.3
Mine operating profit* ($)	**3,388**	4,660	(27)
Net loss ($)	**(1,463)**	(1,517)	4
Eagle River ore milled (tonnes)	**85,144**	86,155	(1)
Eagle River gold produced (ounces)	**16,464**	18,751	(12)
Eagle River recovered grade (g/t)	**6.0**	6.8	(12)
Mishi ore milled (tonnes)	**69,833**	55,602	26
Mishi gold produced (ounces)	**3,719**	3,865	(4)
Mishi recovered grade (g/t)	**1.7**	2.13	(20)
Total ore milled (tonnes)	**154,977**	141,757	9
Total gold production (ounces)	**20,183**	22,616	(11)
Total gold sales (ounces)	**19,365**	21,373	(9)
Total production cash costs* ($)	**28,630**	28,126	(2)
Unit production cash costs/ounce* ($)	**1,419**	1,244	(14)

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

Discussion of six months' results

Revenue increased slightly by 0.3% in 2016 due to an 11% increase in the gold price which was offset by a 9% decline in gold sales from 21,373 ounces in 2015 to 19,365 ounces in 2016. Gold production declined by 11% due to lower grades at Eagle and Mishi.

The net loss of $(1.5) million in 2016 included a $2.6 million refund from Revenu Québec for the 2005 and 2006 exploration credits, as discussed earlier. This income was offset by a $1.4 million increase in mining costs; and $0.6 million increase in administration costs due to increases in salaries and stock option expense at head office, and $0.6 million costs related to the postponed annual general meeting. The positive results of Q2 2016 are an indication that we have overcome weak grades and operating challenges encountered in Q1 2016.

EAGLE RIVER COMPLEX

The combined Eagle River and Mishi production for the first half of 2016 was 20,183 ounces, an 11% decrease compared to 22,616 ounces in the first half of 2015. The lower grade being mined from Eagle, particularly in the early part of 2016 was largely responsible for this decrease.

Eagle River Mill

The Eagle River Mill is located close to both the Eagle River and Mishi mines with a permitted capacity of 1,200 tpd. The Company is conducting engineering studies to examine the feasibility to expand the mill.

Through better direction and management and prudent investments in mill infrastructure and human resources, mill throughput has steadily increased over the last three years with mill availability near 90%. The mill processed 78,851 tonnes or 866 tpd during Q2 2016 compared to 82,653 tonnes or 908 tpd in Q2 2015 reflecting a progressive increase in throughput over the past three years. Our target for the existing mill, is to process an average of 900 tpd with targeted recoveries of 95% for Eagle River ore and 85% for Mishi ore.

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 3,678,000 tonnes at a recovered grade of 9.0 gpt, or 1,068,000 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 up-plunge.

Underground drilling of the new No. 7 Zone extension continued in the Q2 2016. Initial results released in February, 2016, included the following results:

- 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 moved quickly on these promising results. On May 31, 2016, we announced results of further drilling and established our first drift in the No. 7 Zone on the 890 metre level.

890 m Level Drift

- Length: 42.0 metres
- Grade: 33.15 gpt or 11.26 gpt (cut to 60 gpt)
- Average Width: 1.50 metres

Additional drilling highlights

- Hole 900-E-87: 28.58 gpt over 1.50 m true width
- Hole 900-E-90: 13.35 gpt over 2.18 m true width
- Hole 900-E-92: 55.50 gpt over 1.57 m true width
- Hole 900-E-100: 6.85 gpt over 1.51 m true width

In Q3 2016 we will establish a second drift at 945 m depth advancing this zone more rapidly into the development/production sequence.

The surface drilling program is well underway. The purpose of the surface drilling is to provide an initial evaluation of the potential for these new parallel structures to extend across a 2.0 km untested strikelength. We expect to be in a position to provide an update on progress and initial results in Q3 2016.

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 493,000 tonnes at a recovered grade of 2.6 gpt producing 40,600 ounces of gold. In Q2 2016, Mishi feed continued to consist of new run of mine ore amounting to 33,540 tonnes with an average grade of 1.8 gpt, and we ended the quarter with 46,381 tonnes of stockpiled ore. We expect to process around 400 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

We plan to provide an update on initial results of the 2016 exploration drilling program in Q3 2016.

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.

Sale of claims

In June, 2016, the Company sold certain strategically located mineral claims adjacent the producing Goldex Mines Limited ("Goldex"), including the Joubi and Dubuisson Ouest properties and a portion of the Mine École property, in Val d'Or, Quebec, to Agnico Eagle Mines Limited ("Agnico Eagle") for $7 million. The transaction includes surface rights, drill core, resource and intellectual data, infrastructure and equipment, where applicable. As part of the transaction, Agnico Eagle has granted Wesdome a 2% Net Smelter Royalty ("NSR") on the Mine École property and a 3% NSR on the Joubi property. The claims cover potential extensions of the Goldex sill which can be most efficiently explored and potentially developed from Agnico Eagle's existing Goldex Mine infrastructure.

Kiena drilling

The Company launched an underground drilling program at Kiena in Q3 2016. The purpose of the program is to examine the depth potential of the S-50 Zone and test potential for a Z-fold geometry to open up at depth.

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).

New acquisition consolidates strategic land position

On May 27, 2016, the Company announce it had acquired from Canoe Mining Ventures Corp. ("Canoe Mining") a 100% interest in the Coldstream Project ("Coldstream") and the Hamlin-Deaty Creek Property ("Hamlin"), which flank the Company's Moss Lake properties located 100 kilometres due west of Thunder Bay, Ontario.

The Company paid or issued (as applicable) to Canoe Mining total consideration of $1,250,000 as follows:

(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 valued at $1.65 per common share in the capital of Wesdome for a total of $750,000 non-cash consideration; and

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

With this acquisition, Wesdome continues to consolidate 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 eliminated 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. Exploration permitting work has been initiated, access logistics and compilation work are underway with plans to initiate a fall-winter geophysics and drilling program.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2016, the Company had working capital of $16.6 million compared to $4 million at March 31, 2016 and $12.5 million at December 31, 2015. During 2016, capital expenditures totalled $11.4 million compared to $9.4 million for same period in 2015. Capital expenditures were concentrated on underground development, diamond drilling and infrastructure, flow-through and non flow-through exploration, and mobile equipment. Our cash position increased to $26.8 million from $15.4 million as at December 31, 2015, due to the $7 million sale of property described earlier and $16 million public offering described below.

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 approximately $17,267,000, including the exercise in full of the over-allotment option by the underwriters. The Company paid underwriting commissions of approximately $863,000 and legal and regulatory costs of $387,000 for net proceeds of $16,017,000. 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 carried an inventory of 3,002 ounces of gold at June 30, 2016, with a market value of approximately $5.1 million and a carrying value of $3.2 million. Accordingly, the adjusted working capital at June 30, 2016, would have been $18.5 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 June 30, 2016, $2.6 million was transferred to restricted funds as security for this obligation.

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

SUMMARY OF SHARES ISSUED

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

Common shares issued	129,894,102
Common share purchase options	4,642,662

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	$ 5,471	$ 1,879	$ 1,452	$ 2,140	-
Convertible debentures	7,431	7,431	-	-	-
Kiena reclamation deposit	3,583	1,792	1,791	-	-
Flow- through expenditures	1,617	1,617	-	-	
	$ 18,102	$ 12,719	$ 3,243	$ 2,140	-

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. 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)	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**
Gold and silver bullion revenue	**18,447**	13,284	23,622	18,199	17,202	14,442	20,922	22,342
Mining and processing costs	**13,954**	14,389	15,855	12,946	14,099	12,885	15,377	15,358
Mine operating profit (loss)	**4,493**	(1,105)	7,767	5,253	3,103	1,557	5,545	6,984

Cash costs per ounce of gold sold

(in $000 except per ounce amount)	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**
Mining and processing costs	**13,954**	14,389	15,855	12,946	14,099	12,885	15,377	15,358
Ounces of gold sold	**11,265**	8,100	16,023	12,408	11,740	9,633	15,188	15,878
Total cash costs per ounce of gold sold	**1,239**	1,776	990	1,043	1,201	1,338	1,012	967
Average 1 USD → CAD exchange rate	**1.2886**	1.3742	1.3353	1.3089	1.2293	1.2409	1.1626	1.0891
Total cash cost per ounce of gold sold (US$)	**961**	1,292	741	797	977	1,078	871	888

Cash margin per ounce of gold sold

(amounts in Canadian dollars)	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**
Gold price per ounce sold	**1,637**	1,640	1,474	1,467	1,465	1,499	1,378	1,407
Cash costs of gold sold	**1,239**	1,776	990	1,043	1,201	1,338	1,012	967
Cash margin per ounce of gold sold (CAD$)	**398**	(136)	484	424	264	161	366	440
Average 1 USD → CAD exchange rates	**1.2886**	1.3742	1.3353	1.3089	1.2293	1.2409	1.1626	1.0891

(amounts in United States dollars)	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**
Gold price per ounce sold	**1,271**	1,193	1,104	1,121	1,192	1,208	1,185	1,292
Cash costs of gold sold	**961**	1,292	741	797	977	1,078	871	888
Cash margin per ounce of gold sold (US$)	**310**	(99)	363	324	215	130	314	404

Average realized price per ounce of gold sold

(in $000 except per ounce amount)	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**
Gold produced (ounces)	**12,147**	8,036	13,570	14,284	12,476	10,140	12,981	12,456
Gold sales (ounces)	**11,265**	8,100	16,023	12,408	11,740	9,633	15,188	15,878
Gold sales ($)	**18,447**	13,284	23,622	18,199	17,202	14,442	20,922	22,342
Average realized price per ounce of gold sold ($)	**1,637**	1,640	1,474	1,467	1,465	1,499	1,378	1,407
Average gold price per ounce ($) [1]	**1,622**	1,623	1,475	1,471	1,465	1,509	1,400	1,396

[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)	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14
Mining and processing costs	**13,954**	14,389	15,855	12,946	14,099	12,885	15,377	15,358
Inventory adjustment ƚ	**481**	(194)	(1,896)	1,257	387	755	(2,256)	(3,213)
Production costs	**14,435**	14,195	13,959	14,203	14,486	13,640	13,121	12,145
Gold production (ounces)	**12,147**	8,036	13,570	14,284	12,476	10,140	12,981	12,456
Production costs per ounce	**1,188**	1,766	1,029	994	1,161	1,345	1,011	975
Tonnes milled	**78,851**	76,126	75,285	88,185	82,653	59,104	59,657	53,626
Production cost/tonne milled	**183**	186	185	161	175	231	220	226

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.

	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14
Per ounce data, production basis (CAD$)								
Mining costs	**920**	1,316	753	753	867	990	751	727
Milling costs	**268**	450	276	241	294	355	260	248
	1,188	1,766	1,029	994	1,161	1,345	1,011	975
Average 1 USD → CAD exchange rates	**1.2886**	1.3742	1.3353	1.3089	1.2293	1.2409	1.1626	1.0891

	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14
Per ounce data, production basis (US$)								
Mining costs	**714**	958	563	575	705	798	646	668
Milling costs	**208**	327	207	185	240	286	223	227
	922	1,285	770	760	945	1,084	869	895

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 $000 except per ounce amount)	Q2/16	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14
Mining and processing costs	**13,954**	14,389	15,855	12,946	14,099	12,885	15,377	15,358
Add:								
Royalties	**283**	199	336	305	286	262	331	345
Corporate and general	**905**	904	1,688	689	729	687	766	625
Sustaining mine capital, equipment leases and exploration	**4,873**	4,212	2,846	4,344	4,231	5,148	4,325	4,154
All-in costs adjustment	**6,061**	5,315	4,870	5,338	5,246	6,097	5,422	5,124
All-in sustaining costs	**20,015**	19,704	20,725	18,284	19,345	18,982	20,799	20,482
Gold sold (ounces)	**11,265**	8,100	16,023	12,408	11,740	9,633	15,188	15,878
All-in sustaining costs per ounce (CAD$)	**1,777**	2,433	1,293	1,474	1,648	1,971	1,369	1,290
Average 1 USD → CAD exchange rate	**1.2886**	1.3742	1.3353	1.3089	1.2293	1.2409	1.1626	1.0891
All-in sustaining costs per ounce (US$)	**1,379**	1,770	969	1,126	1,340	1,588	1,178	1,184

Production basis

(in $000 except per ounce amount)	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**
Production costs (see table at page 16)	**14,435**	14,195	13,959	14,203	14,486	13,640	13,121	12,145
All-in costs adjustment (see table above)	**6,061**	5,315	4,870	5,338	5,246	6,097	5,422	5,124
All-in sustaining costs	**20,496**	19,510	18,829	19,541	19,732	19,737	18,543	17,269
Gold produced (ounces)	**12,147**	8,036	13,570	14,284	12,476	10,140	12,981	12,456
All-in sustaining costs per ounce (CAD$)	**1,687**	2,428	1,388	1,368	1,582	1,946	1,428	1,386
Average 1 USD → CAD exchange rates	**1.2886**	1.3742	1.3353	1.3089	1.2293	1.2409	1.1626	1.0891
All-in sustaining costs per ounce (US$)	**1,309**	1,767	1,039	1,045	1,287	1,569	1,229	1,273

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 cost, annual general meeting cost and exploration credit refund.

(in $000 except per ounce amount)	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**
Cash flow from operating activities before working capital adjustments	**4,885**	(2,786)	5,153	3,333	1,436	133	4,192	5,585
Kiena care and maintenance costs	**615**	446	630	935	658	493	300	717
Annual general meeting	**577**	-	-	-	-	-	-	-
Exploration credit refund	**(2,620)**	-	-	-	-	-	-	-
Operating cash flow (adjusted)	**3,457**	(2,340)	5,783	4,268	2,094	626	4,492	6,302
Weighted average number of shares (000's)	**126,091**	118,313	115,140	111,186	111,051	111,073	110,940	111,098
Operating cash flow per share	**0.04**	(0.02)	0.04	0.03	0.01	0.00	0.04	0.05
Operating cash flow per share (adjusted)	**0.03**	(0.02)	0.05	0.04	0.02	0.01	0.04	0.06

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 cost, annual general meeting cost and exploration credit refund.

(in $000)	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**
Cash flow from operating activities before working capital adjustments	**4,885**	(2,786)	5,153	3,333	1,436	133	4,192	5,585
Exploration	**(1,583)**	(452)	50	(6)	(42)	(573)	(54)	(472)
Sustaining capital	**(5,449)**	(3,952)	(2,467)	(3,953)	(3,941)	(4,842)	(4,050)	(3,957)
Free cash flow	**(2,147)**	(7,190)	2,736	(626)	(2,547)	(5,282)	88	1,156
Kiena care and maintenance costs	**615**	446	630	935	658	493	300	717
Annual general meeting	**577**	-	-	-	-	-	-	-
Exploration credit refund	**(2,620)**	-	-	-	-	-	-	-
Free cash flow (adjusted)	**(3,575)**	(6,744)	3,366	309	(1,889)	(4,789)	388	1,873
Weighted average number of shares (000's)	**126,091**	118,313	115,140	111,186	111,051	111,073	110,940	111,098
Free cash flow per share	**(0.02)**	(0.06)	0.02	(0.01)	(0.02)	(0.05)	0.00	0.01
Free cash flow per share (adjusted)	**(0.03)**	(0.06)	0.03	0.00	(0.02)	(0.04)	0.00	0.02

Net income (loss) adjusted

(in $000)	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**	**Q1/15**	**Q4/14**	**Q3/14**
Net income (loss)	**1,837**	(3,300)	1,110	(4,294)	(746)	(771)	2,589	2,238
Kiena decommissioning provision	**-**	-	237	4,934	-	-	-	-
Kiena care and maintenance	**615**	446	630	935	658	493	300	717
Annual general meeting	**577**	-	-	-	-	-	-	-
Exploration credit refund	**(2,620)**	-	-	-	-	-	-	-
Net income (loss) adjusted	**409**	(2,854)	1,977	1,575	(88)	(278)	2,889	2,955
Weighted average number of shares (000's)	**126,091**	118,313	115,140	111,186	111,051	111,073	110,940	111,098
Net income (loss) per share (adjusted)	**0.00**	(0.02)	0.02	0.01	(0.00)	(0.00)	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:

June 30, 2016 (in $000)	Loans and Receivables	Other Financial Liabilities	Total Carrying Amount	Fair Value
Cash	**26,802**	**-**	**26,802**	**26,802**
Receivables	**4,740**	**-**	**4,740**	**4,740**
Restricted funds	**5,130**	**-**	**5,130**	**5,130**
Total assets	**36,672**	**-**	**36,672**	**36,672**
Payables and accruals	**-**	**12,189**	**12,189**	**12,189**
Obligations under capital lease	**-**	**5,471**	**5,471**	**5,471**
Convertible debentures	**-**	**6,725**	**6,725**	**7,302**
Total liabilities	**-**	**24,385**	**24,385**	**24,962**

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 June 30, 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 June 30, 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.