WESDOME

WESDOME GOLD MINES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED

MARCH 31, 2017

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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, 2017, 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 3, 2017.

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 of gold sold, production costs per ounce gold and per tonne milled, all-in sustaining operating cash flow adjusted costs ("AISC") per ounce of gold, operating cash flow per share, operating cash flow adjusted, operating cash flow adjusted per share, free cash flow, free cash flow adjusted, free cash flow per share, adjusted net income/loss, and adjusted net income/loss per share.

For further information and detailed reconciliations, refer to the 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 2017	*January 1, 2017 – March 31, 2017*	**Q1 2016**	*January 1, 2016 – March 31, 2016*
Q4 2016	*October 1, 2016 – December 31, 2016*	**Q4 2015**	*October 1, 2015 – December 31, 2015*
Q3 2016	*July 1, 2016 – September 30, 2016*	**Q3 2015**	*July 1, 2015 – September 30, 2015*
Q2 2016	*April 1, 2016 – June 30, 2016*	**Q2 2015**	*April 1, 2015 – June 30, 2015*

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 30th year of continuous gold mining operations in Canada. The Company is 100% Canadian focused with a pipeline of projects in various stages of development. The Eagle River Complex located close to Wawa, Ontario is currently producing gold from two mines, the Eagle River Underground Mine and the Mishi Open pit, from a central mill. Wesdome is actively exploring its brownfields asset, the Kiena Complex in Val d'Or, Quebec. The Kiena Complex is a fully permitted former mine with a 930 metre shaft and 2,000 tonne per day mill. The Company has further upside at its Moss Lake gold deposit, located 100 kilometres west of Thunder Bay, Ontario, which is 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 2017 and 2016		
	Quarter ended March 31	
	2017	2016
(in $000, except per share amounts)		
Revenue	**20,100**	13,284
Mine operating profit (loss) [1]	**6,555**	(1,105)
Net income (loss)	**695**	(3,300)
Net income (loss) adjusted [1]	**916**	(2,854)
Basic income (loss) per share	**0.01**	(0.03)
Basic income (loss) per share adjusted [1]	**0.01**	(0.02)
Cash flows from operating activities	**5,392**	(2,786)
Cash flows from operating activities adjusted [1]	**5,613**	(2,340)
Free cash flow [1]	**(4,199)**	(7,190)
Cash and cash equivalents	**29,593**	8,100
Working capital	**20,530**	3,972

Operational Results – 1st Quarter 2017 and 2016		
	Quarter ended March 31	
	2017	2016
Eagle tonnes milled	**38,578**	39,839
Mishi tonnes milled	**36,641**	36,287
Total tonnes milled	**75,219**	76,126
Eagle grade (g/t)	**11.5**	5.6
Mishi grade (g/t)	**1.7**	1.8
Eagle River Mine mill recovery (%)	**95.3**	88.0
Mishi Mine mill recovery (%)	**80.9**	85.0
Eagle recovered grade (g/t)	**11.0**	4.9
Mishi recovered grade (g/t)	**1.3**	1.5
Eagle ounces produced	**13,588**	6,254
Mishi ounces produced	**1,574**	1,782
Total ounces produced	**15,162**	8,036
Ounces sold	**12,320**	8,100
Average realized price (CAD$/oz)	**1,631**	1,640
Average realized price (US$/oz)	**1,233**	1,193
Production cash costs (CAD$/oz)	**1,056**	1,766
Production cash costs (US$/oz)	**798**	1,285
All-in-sustaining costs (CAD$/oz)	**1,474**	2,428
All-in-sustaining costs (US$/oz)	**1,113**	1,767
Average 1 USD to CAD exchange rate	**1.3236**	1.3742

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

2017 FIRST QUARTER HIGHLIGHTS

- Over three and half years without a lost time incident
- Gold production of 15,162 ounces (Q1 2016: 8,036) increased due to higher production from the Eagle River Mine
  - Eagle River Mine underground production of 13,588 ounces (Q1 2016: 6,254) at a head grade of 11.5 grams per tonne (“g/t”) (Q1 2016: 5.6) with a mill recovery of 95.3% (Q1 2016: 88.0%)
  - Mishi Open Pit mine production of 1,574 ounces (Q1 2016: 1,782) at a head grade of 1.7 g/t (Q1 2016: 1.8) with a mill recovery of 80.9% (Q1 2016: 85.0%)

- 2017 Guidance remains at 52,000 – 58,000 ounces
- Total mill throughput of 75,219 tonnes (Q1 2016: 76,126) averaging 836 tonnes per calendar day (“tpd”) (Q1 2016: 837)
- Revenue of $20.1 million (Q1 2016: $13.3 million) on gold sales of 12,320 ounces (Q1 2016: 8,100) at an average realized price of $1,631 or US$1,233 per ounce (Q1 2016: $1,640 or US $1,193)
- Mine operating profit[1] of $6.6 million (Q1 2016: loss of $(1.1) million) increased compared to the comparative quarter due to higher production and sales
- Net income of $0.7 million (Q1 2016: loss of $(3.3) million), or $0.01 per share (Q1 2016: $(0.03))
- Operating cash flow of $5.4 million (Q1 2016: $(2.8) million), or $0.04[1] per share (Q1 2016: $(0.02)) increased due to higher production and sales
- Free cash flow[1] of $(4.2) million improved by $3.0 million compared to Q1 2016 of $(7.2) million). The negative outflow in Q1 2017 is due to the heightened combined exploration activities at Eagle River, Kiena and Moss Lake. Q1 2017 exploration was $5.8 million compared to only $0.5 million in Q1 2016
- Production cash costs per ounce[1] were $1,056 or US$798 (Q1 2016: $1,766 or US$1,285). The 40% decrease in unit cost is due to an 89% increase in gold production
- All-in sustaining costs per ounce (“AISC”)[1] on a production basis of $1,474 or US$1,113 (Q1 2016: $2,428 or US$1,767), a decrease of 39% over Q1 2016 due to increased gold production in Q1 2017
- Cash and cash equivalents of $29.6 million, 4,059 ounces gold in process at market price of $6.7 million and working capital of $20.5 million as at March 31, 2017

2017 First Quarter Exploration and Corporate Development Highlights

- Eagle River underground drilling results encounter wide, high grade intersections at the 300E Zone
- Mishi surface drilling extends zone westward
- Kiena Deep drilling expands its potential to 550 metres laterally and over a depth range of 400 metres. Wesdome continues its accelerated drilling program with the goal of determining the extent, continuity and geometry of the Kiena Deep gold system. Ramp development will commence in Q3 2017
- Moss Lake surface drilling continues with goal of doubling footprint of mineralization
- Marc-Andre Pelletier appointed as Vice-President of Quebec Operations

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

OUTLOOK

The Company is maintaining its previously announced guidance for 2017 which are summarized as follows:

- Combined gold production from the Eagle River Underground Mine and the Mishi Open Pit Mine to range between 52,000 and 58,000 ounces
    - Eagle River Underground Mine 45,000 – 49,000 ounces @ 8.8 – 9.2 g/t
    - Mishi Open Pit Mine 7,000 – 9,000 ounces @ 1.8 – 2.2 g/t
- Combined Operating Cost per ounce $1,030 - $1,130 per ounce (US$765 – $835 per ounce)
- Combined All-In Sustaining Costs per ounce sold $1,450 - $1,550 per ounce (US$1,075 - $1,150)
- Sustaining Capex rates to remain similar to 2016 rate of $13 – $17 million per year
- Growth/Project Capex of approximately $3 million
- Exploration spend of approximately $13 million at Eagle River, Mishi, Kiena Complex, and Moss Lake

The Company plans to make some modest investments at the Eagle River Complex to further optimize operations and lower unit costs. Of the estimated $3 million project capital spend, approximately $1.2 million will be spent on the road at Mishi, which will lower trucking costs, and $1.7 million will be spent on an underground ventilation raise system which will allow us to open more working areas and enhance production flexibility and production consistency. The Company continues its planned development and production from multiple higher grade areas of the Eagle River Underground Mine during 2017. These areas include the 8 Zone, 7 Zone, 300 East and 300 West Zones.

At Mishi, we are very focused on improving the head grades and reducing mining costs.

The Company remains steadfast on its path to aggressive exploration at the Eagle River Complex located close to Wawa, Ontario, the Kiena Complex in Val d'Or, Quebec, and finally the Moss Lake Property near Shebandowan, Ontario.

We are encouraged by early results at Mishi surface, and Eagle River underground. The purpose is to increase resources.

Based on the favourable results to date at the high grade Kiena gold system ("Kiena Deep"), the Company has decided to drive an exploration ramp which will provide an enhanced drilling platform for exploration. Previously, drill access was limited by existing mine infrastructure making conditions very difficult to reach the intended targets. Completion of the exploration ramp will provide ability to drill shorter holes at better angles, and accelerated access to the Upper Quartz Vein Zone. This project is expected to take 9 – 10 months at a cost of approximately $7.6 M. This confirms the Company's commitment to advancing Kiena Deep to the next level. The Company will continue exploring with two drills testing upper targets.

Finally Wesdome will continue with the drilling program at Moss Lake in order to evaluate our new land position with the goal of delineating potential untested extensions of known zones. Drilling commenced on the Coldstream target and is now focused on the east and west extensions of the Moss Lake deposit. Drilling will continue throughout the year with the purpose of examining potential to double the extent of known mineralization. The exploration budget is for 40,000 metres with an estimated budget of $5 million.

Wesdome is continuing with its community engagement and permitting activities with respect to its tailings management. Engineering is ongoing and the Company is confident that adequate tailings capacity can be created for the future production requirements of the Eagle River Complex.

QUARTERLY FINANCIAL AND OPERATIONAL RESULTS

(in $000 except per share and per ounce amounts and unless otherwise stated)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Financial results								
Gold revenue	**20,100**	22,166	30,134	18,447	13,284	23,622	18,199	17,202
Mine operating profit (loss)[1]	**6,555**	7,133	15,515	4,493	(1,105)	7,767	5,253	3,103
Net income (loss)	**695**	2,352	6,897	1,837	(3,300)	1,110	(4,294)	(746)
Net income (loss) adjusted[1]	**916**	3,047	7,386	409	(2,854)	1,977	1,575	(88)
Operating cash flow	**5,392**	4,976	12,852	4,885	(2,786)	5,153	3,333	1,436
Free cash flow[1]	**(4,199)**	(3,735)	4,635	(2,147)	(7,190)	2,736	(626)	(2,547)
Free cash flow adjusted[1]	**(3,978)**	(3,040)	5,124	(3,575)	(6,744)	3,366	309	(1,889)
Per share information:								
Basic income (loss)	**0.01**	0.02	0.05	0.01	(0.03)	0.01	(0.04)	(0.01)
Operating cash flow[1]	**0.04**	0.04	0.10	0.04	(0.02)	0.04	0.03	0.01
Free cash flow[1]	**(0.03)**	(0.03)	0.04	(0.02)	(0.06)	0.02	(0.01)	(0.02)
Free cash flow adjusted[1]	**(0.03)**	(0.02)	0.04	(0.03)	(0.06)	0.03	0.00	(0.02)
Cash and cash equivalents	**29,593**	26,760	28,991	26,802	8,100	15,424	3,705	4,067
Working capital	**20,530**	15,561	19,185	16,598	3,972	12,507	2,977	3,287
Total assets	**168,671**	162,914	156,360	149,195	127,113	128,387	117,704	117,219
Total non-current financial liabilities	**15,047**	14,703	11,457	11,554	18,196	17,694	17,055	12,131
Operational results								
Milling (tonnes)								
Eagle River Mine	**38,578**	42,607	42,617	45,305	39,839	42,185	44,849	46,340
Mishi Mine	**36,641**	30,714	37,660	34,006	36,287	33,100	43,336	36,313
Total milled	**75,219**	73,321	80,277	79,311	76,126	75,285	88,185	82,653
Total tonnes/calendar day	**836**	797	873	872	837	818	959	908
Head grades (g/t)								
Eagle River Underground Mine	**11.5**	8.2	10.1	7.5	5.6	9.2	7.7	7.0
Mishi Open Pit Mine	**1.7**	1.6	2.3	2.1	1.8	2.3	3.0	2.5
Recovery (%)								
Eagle River Mine	**95.3**	94.6	95.6	93.4	88.0	94.2	96.1	94.9
Mishi Open Pit Mine	**80.9**	81.6	87.7	85.6	85.0	79.6	88.2	89.9
Recovered grades (g/t)								
Eagle River Mine	**11.0**	7.7	9.6	7.0	4.9	8.7	7.4	6.6
Mishi Mine	**1.4**	1.3	2.0	1.8	1.5	1.9	2.6	2.3
Production (ounces)								
Eagle River Mine	**13,588**	10,595	13,193	10,210	6,254	11,625	10,637	9,848
Mishi Mine	**1,574**	1,292	2,474	1,937	1,782	1,945	3,647	2,628
Total gold produced	**15,162**	11,887	15,667	12,147	8,036	13,570	14,284	12,476
Gold sales (ounces)	**12,320**	13,490	15,825	11,265	8,100	16,023	12,408	11,740
Mishi Mine								
Ore mined (tonnes)	**40,237**	45,311	43,674	37,808	67,960	32,531	46,338	28,685
Waste mined (tonnes)	**186,692**	144,692	81,191	183,003	124,867	197,727	99,969	156,615
Strip ratio	**4.6**	3.2	1.9	4.8	1.7	6.1	2.2	5.5
Stockpile balance (tonnes)	**6,355**	9,979	14,736	27,621	43,919	13,641	13,500	23,838
Eagle River Complex (per oz performance)								
Per ounce data, sales basis [1]								
Average realized price	**1,631**	1,655	1,740	1,637	1,640	1,474	1,467	1,465
Cash costs	**1,099**	1,114	924	1,239	1,776	990	1,043	1,201
Cash margin	**532**	541	816	398	(136)	484	424	264
AISC	**1,613**	1,568	1,367	1,777	2,433	1,293	1,474	1,648
AISC (US$)	**1,219**	1,175	1,048	1,379	1,770	969	1,126	1,340
Per ounce data, production basis [1]								
Mine cash costs	**1,056**	1,185	911	1,188	1,766	1,029	994	1,161
Mine cash costs (US$)	**798**	888	698	922	1,285	770	760	945
AISC	**1,474**	1,702	1,359	1,687	2,428	1,388	1,368	1,582
AISC (US$)	**1,113**	1,275	1,042	1,309	1,767	1,039	1,045	1,287
Mine cash costs/tonne milled [1]	**213**	192	178	183	186	185	161	175
Average 1 USD → CAD exchange rates	**1.3236**	1.3344	1.3047	1.2886	1.3742	1.3353	1.3089	1.2293

Note:

1 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

(in $000 except per share and per ounce amounts)	**Three months ended March 31** **2017**	2016	**Variance**
Gold revenue	**20,100**	13,284	6,816
Mining operations	**16,118**	15,839	(279)
Administration	**2,295**	1,185	(1,110)
Kiena Mine care and maintenance costs	**221**	446	225
Interest and other items	**159**	329	170
Decommissioning provisions	**172**	(50)	(222)
Tax expense (recovery)	**440**	(1,165)	(1,605)
	19,405	16,584	(2,821)
Net income (loss)	**695**	(3,300)	3,995
Net income (loss) per share	**0.01**	(0.03)	(0.04)
Operating cash flow	**5,392**	(2,786)	8,178
Free cash flow[1]	**(4,199)**	(7,190)	2,991
Gold produced (ounces)	**15,162**	8,036	7,126
Gold sold (ounces)	**12,320**	8,100	4,220
Average realized price per ounce[1] ($)	**1,631**	1,640	(9)
Total production cash costs[1] ($)	**16,015**	14,195	(1,820)
Production cash costs/ounce[1] ($)	**1,056**	1,766	710
AISC/ounce on a production basis[1] ($)	**1,474**	2,428	954
Eagle River			
Ore milled (tonnes)	**38,578**	39,839	(1,261)
Gold produced (ounces)	**13,588**	6,254	7,334
Head grade (g/t)	**11.5**	5.6	5.9
Recovered grade (g/t)	**11.0**	4.9	6.1
Mishi			
Ore milled (tonnes)	**36,641**	36,287	354
Gold produced (ounces)	**1,574**	1,782	(208)
Head grade (g/t)	**1.7**	1.8	(0.1)
Recovered grade (g/t)	**1.3**	1.5	(0.2)
Total ore milled (tonnes)	**75,219**	76,126	(907)

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

Revenue

Gold revenue increased 51% in Q1 2017 compared to Q1 2016 due to a similar increase in gold sales as realized price per ounce remained approximately the same in both quarters. The increase in sales is due an 89% increase in gold production at Eagle River which experienced a 124% increase in recovered grades. The comparative quarter was impacted by operational issues and constrained to the extraction of lower grade remnant reserve blocks. Eagle River Mine production in Q1 2017 benefited from higher head grades due to ore extraction from the 300, 711 and 811 Zones.

Mining Operations

Mining operations, which include costs associated with mining, processing, depletion and royalties, increased slightly to $16.1 million in Q1 2017 from $15.8 million in Q1 2016. Production cash costs per ounce decreased in Q1 2017 compared to Q1 2016 due to higher ounces as a result of the higher grade at Eagle River. Eagle River mill throughput was 38,578 tonnes in Q1 2017 which is slightly lower than the 39,839 tonnes milled in Q1 2016, but, with the higher head grade this resulted in 117% higher gold production. Mishi mill throughput in Q1 2017 also increased slightly from 36,287 in Q1 2016 to 36,641 tonnes milled in Q1 2017, however, with reduced grade resulted in a 12% decrease in ounces produced.

All-in sustaining costs on the production basis were $1,474 (US$1,113) per ounce compared to Q1 2016 of $2,428 (US$1,767) per ounce. The 39% decrease is due to the increase in production ounces offset by increases in sustaining capital, exploration expenditures, royalties and general and administrative costs.

Administration

Administration costs which include corporate and general expenses plus shared based payments increased 94% in Q1 2017 compared to Q1 2016. Corporate and general expenses increased from $0.9 million in Q1 2016 to $1.4 million in Q1 2017 mainly due to increase in executive compensation and bonus accrual, consultants and regulatory fees . Stock based compensation increased from $0.3 million in Q1 2016 to $0.9 million in Q1 2017 due to an increase in stock option grants in the the latter half of 2016.

Kiena Care and Maintenance Costs

Kiena care and maintenance costs for Q1 2017 decreased from Q1 2016 due to the capitalization of costs attributable to exploration activities which commenced in Q2 2016.

Tax expense

The Company recorded a tax expense of $0.4 million in Q1 2017 on pre-tax net income of $1,135 compared to a recovery of $(1,165) in Q1 2016 on pre-tax net loss of $(4,465).

Net Income

The Company recorded net income of $0.7 million in Q1 2017 compared to a net loss of $(3.3) million in Q1 2016. The $3.9 million increase was due mostly to increased production and resultant increased gross profit increase of $6.5 million, offset by $1.1 million increase in administration expense and $1.5 million increase in income tax expense.

MANAGEMENT APPOINTMENT

Following the positive drilling results and the Company's efforts to accelerate its advanced exploration at the Kiena Complex, in early February 2017, the Company appointed Marc-André Pelletier as Vice President of Quebec Operations, who will be based full time at the Kiena Complex. Marc-André has over 20 years' experience in underground gold mining in Canada, and will be working closely with our geologic team to evaluate ramp development.

EAGLE RIVER COMPLEX

The combined Eagle River and Mishi production for Q1 2017 was 15,162 ounces, an 89% increase compared to 8,036 ounces in Q1 2016.

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.

Through better direction and management and prudent investments in mill infrastructure and human resources, mill throughput has increased since 2013 with current mill availability between 90% and 95%. The mill processed 75,219 tonnes or 836 tpd during Q1 2017 compared to 76,126 tonnes or 837 tpd in Q1 2016. Our target for the existing mill, is to process an average of 850 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 970 m. The mine is located 17 road km to the south of the mill. Commercial production commenced January 1, 1996.

To date, the mine has produced 3,801,000 tonnes at a grade of 9.0 Au g/t, or 1,105,000 ounces of gold, over a 23 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 are being aggressively explored and developed.

Recent development and drilling results have demonstrated significant extensions up-plunge to shallower depths. Both zones remain open at depth and have been traced to 1,200 metres depth.

In 2016, surface drilling has provided a first pass evaluation of the potential of the previously untested north portion of the mine diorite at 200 metre intervals over a 1.6 km strike length. The positive results will be followed up in the second half of 2017.

The Company continued its focus on development into higher grade areas of the mine with initial stope production from the 7 Zone in Q4 2016, well ahead of schedule. This enabled production from multiple high grade areas within the Eagle River Mine earlier than expected, and will ease potential future development/production sequencing issues.

Underground development and drilling

In 2016, the No. 7 Zone was traced by drilling 200 metres up-plunge. Drifts established on the 890 metre level and the 945 metre level confirmed strong grades and continuity enabling us to bring this new area into production almost two years earlier than previously anticipated. Accordingly, Q1 2017 resulted in higher production and lower unit costs.

The development of the 7 Zone provided a drilling platform to explore the 300W Zone up-plunge. To date it has been traced 250 metres up-plunge with recent results including (Press Release – April 27, 2017):

- Hole 350-E-09 18.56 gAu/t over 3.29 m true width
- Hole 890-E-58 23.49 gAu/t over 2.04 m true width
- Hole 890-E-63 21.20 gAu/t over 2.17 m true width
- Hole 890-E-65 28.59 gAu/t over 2.11 m true width
- Hole 890-E-66 18.09 gAu/t over 2.26 m true width
- Hole 890-E-82 12.57 gAu/t over 5.75 m true width

* high assays are cut to 140 gAu/t

On January 26, 2017, the Company announced very positive drilling results from the 300E Zone.

Highlights include:

- Hole 844-E-26 7.08 gAu/t uncut (5.86 gAu/t cut) over 8.88 m true width
- Hole 844-E-27 28.72 gAu/t uncut (19.03 gAu/t cut) over 20.67 m true width
- Hole 844-E-28 20.75 gAu/t uncut (13.36 gAu/t cut) over 17.94 m true width
- Hole 844-E-29 89.61 gAu/t uncut (24.60 gAu/t cut) over 3.93 m true width
- Hole 670-131 10.35 gAu/t uncut (10.35 gAu/t cut) over 4.32 m true width

To date, drilling has identified at least three steeply plunging zones between depths of 800 and 1,000 metres. The current proximity of these wide intercepts to mine infrastructure coupled with the sheer volume of high grade mineralization will potentially have near to mid-term positive production implications. Furthermore, the presence of these structures give rise to the possibility of additional zones of similar size and grade, as well as bulk mining opportunities at Eagle River.

In Q1 2017, we started developing these zones on the 844 metre level. Strong development grades helped us realize higher gold production and lowered unit costs. We are confirming grades, geometry and dimensions with development work and are drilling potential extensions currently.

Mishi Mine

The Mishi Mine is an open pit 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 mine has produced 598,000 tonnes at a recovered grade of 2.4 g/t producing 46,000 ounces of gold.

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

Current proven and probable Mineral Reserves have a life-of-mine stripping ratio of 2.3 tonnes of waste per tonne of ore.

Mishi surface drilling

In 2016, we completed an aggressive drilling program with two drills to stepout beyond known information to test the size of the system. In addition, geotechnical studies were initiated in Q3 2016 to examine the merits of deepening the pit to incorporate substantial Indicated Resources identified to a depth of 110 m.

The 2016 surface drilling program updates were released on September 15, 2016. Two drills completed a systematic evaluation of the Mishibishu Deformation Zone with 200 metre spaced drill fences across the 3.0 km strike length west of open pit mining operations.

Widespread pyrite-ankerite-sericite zones have been traced to date which carry strongly anomalous gold values.

The highlight to date is hole BC16-80, located 1.7 kilometres west of the open pit.

Hole No.	From (m)	To (m)	Core length (m)	True Width (m)	Grade (g/t)
BC16-80	316.0	330.0	14.0	13.5	4.28
including	320.5	326.5	6.0	5.8	7.65

Resource definition drilling is underway to follow up on the positive 2016 results located 600 metres and 1,700 metres west of existing open pit mining operations. We plan to rapidly assess these occurrences and build them into a long term growth scenario for mining at Mishi.

Two drills are currently defining and delineating these zones. To date, drilling has extended mineralization a further 300 metres west at 25 metre intervals.

Highlights include (Press Release – April 27, 2017):

Section

- 3000E 1.95 g/t over 29.8 m true width BC17-191
- 2975E 3.42 g/t over 7.3 m true width BC17-188
- 2950E 1.49 g/t over 21.0 m true width BC17-128
- 2925E 3.08 g/t over 15.5 m true width BC17-119
- 2925E 2.73 g/t over 10.5 m true width BC16-02
- 2900E 3.48 g/t over 17.7 m true width BC17-113
- 2875E 2.14 g/t over 22.1 m true width BC16-10
- 2850E 1.54 g/t over 27.6 m true width BC17-147
- 2825E 1.91 g/t over 12.3 m true width BC17-139
- 2800E 1.22 g/t over 18.9 m true width BC16-13
- 2775E 2.52 g/t over 18.8 m true width BC17-172
- 2750E 2.38 g/t over 11.9 m true width BC17-178
- 2725E 1.92 g/t over 8.6 m true width BC17-199

Drilling 1,700 metres west of the pit is designed to delineate mineralization at 50 metre centres peripheral to hole BC16-80 which was drilled in 2016 and encountered 4.28 g/t over 13.5 m true width on section 1700E. Drilling results here are at an early stage. Initial results indicate wide, near-surface, low grade, disseminated mineralization.

Highlights include (Press Release – April 27, 2017):

Section

- 1650E 0.60 g/t over 31.3 m true width BC17-164
- 1700E 1.89 g/t over 32.9 m true width BC17-151
- 1750E 1.10 g/t over 31.6 m true width BC17-157

Drilling results here are at an early stage. Ongoing drilling will delineate potential dimensions of this mineralization. We believe it is potentially continuous with the westernmost traced extension of Mishi mineralization to date (Section 2750E). We are aggressively drilling an additional 1.5 kilometre length of the Mishi gold deposit.

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, 2016.

- 446,000 ounces Mineral Reserves at Eagle River and Mishi as follows:
  - 344,000 ounces Eagle River Mineral Reserves
  - 102,000 ounces Mishi Open Pit Mineral Reserves
- 85,000 ounces Eagle River Inferred Mineral Resources
- 248,000 ounces Mishi Open Pit Indicated Mineral Resources and 59,000 ounces Inferred Mineral Resources
- 82,000 ounces Mishi Underground Indicated Mineral Resources
- 81,000 ounces Mishi Underground Inferred Mineral Resources

MINERAL RESERVES[1]

Mine	Category	Tonnes	Grade (g/t)	Contained Ounces Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
Eagle River	Proven	208,000	10.2	68,000	53,000	39,000	41,000
	Probable	949,000	9.0	276,000	247,000	226,000	128,000
	Proven + Probable	**1,157,000**	**9.2**	**344,000**	**300,000**	**265,000**	**169,000**
Mishi	Proven	259,000	1.8	15,000	11,000	12,000	16,000
	Probable	1,361,000	2.0	87,000	120,000	109,000	96,000
	Proven + Probable	**1,620,000**	**2.0**	**102,000**	**131,000**	**121,000**	**112,000**
TOTAL				**446,000**	**431,000**	**386,000**	**281,000**

MINERAL RESOURCES (excluding Reserves)[1]

Mine	Category	Tonnes	Grade (g/t)	Contained Ounces Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
Eagle River	Inferred	327,000	8.1	85,000	170,000	80,000	105,000
Mishi Open Pit	Indicated	3,679,000	2.1	248,000	248,000	248,000	248,000
	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**	**330,000**
	Inferred			**225,000**	**310,000**	**220,000**	**245,000**

EAGLE RIVER PROVEN AND PROBABLE RESERVE BREAKDOWN BY ZONE[1]

Structure	Tonnes	Grade (g/t)	Contained Ounces	Percent (oz)
No. 8	255,000	10.6	87,000	25
No. 300	456,000	9.0	132,000	38
No. 7	310,000	9.2	91,000	27
Other	136,000	7.8	34,000	10
TOTAL	**1,157,000**	**9.2**	**344,000**	**100**

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

[1] 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 *Standards of Disclosure for Mineral Projects* (“NI 43-101”).

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 CAD$1550 per ounce.

All Mineral Reserves at Eagle River employ a 1.5 m minimum width, a 3.0 g/t 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 g/t cut-off grade and a 3.0 m minimum width. Estimates provide for 10% dilution, 11% lost ore and metallurgical recoveries of 86%. Open pit Mineral Reserves extend to an average depth of 70 m.

Mishi Mineral Reserves currently have a life of mine stripping ratio of 2.3 tonnes of waste per tonne of ore.

Mishi Open Pit Mineral Resources extend to a depth of 110 m, employ a 1.0 g/t 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 g/t cut-off grade and a 1.5 m minimum mining width.

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

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

A density or tonnage factor of 2.7 tonnes per cubic metre is applied at Eagle River and 2.8 at Mishi.

KIENA MINE COMPLEX AND EXPLORATION PROPERTIES

The Company's wholly-owned, contiguous Val d'Or properties cover approximately 7,000 hectares and encompass four former producers, eight shafts and significant mineral resources. Prior to the current drilling program which commenced in 2016, the exploration program for 2015 on the nearby properties involved two drills on surface and their results have been incorporated in a revised NI 43-101 Technical Report. 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 was the first time that the Company's contiguous Val d'Or properties have been compiled in a NI43-101 Technical Report. Based on economic parameters, InnovExplo established that Wesdome's Quebec Properties contain:

- Measured Resources of:
  63,700 tonnes grading 4.06 g/t gold (8,300 ounces)
- Indicated Resources of:
  2,439,000 tonnes grading 5.62 g/t gold (441,000 ounces)
- Total Measured and Indicated Resources of:
  2,500,600 tonnes grading 5.59 g/t gold (449,300 ounces)
- Inferred Resources of:
  1,563,300 tonnes grading 7.97 g/t gold (400,400 ounces)

The Kiena Mine Complex is a fully permitted, integrated mining and milling infrastructure, which includes a 930 metre production shaft and a 2,000 tonne per day mill. From 1981 – 2013, the mine produced 1.75 million ounces of gold from 12.5 million tonnes at a head grade of 4.5 g/t. The bulk of this production came from the S-50 Zone between depths of 100 and 1,000 metres. In 2013, operations were suspended due to a combination of the declining gold price and lack of developed reserves. The infrastructure has been preserved on care and maintenance status.

Kiena Deep High Grade Discovery

The Company launched an underground drilling program at Kiena in Q3 2016. The purpose of the program was to examine the depth potential of the S-50 Zone and test potential for a Z-fold geometry to open up at depth. On August 24 and September 15, 2016, the Company announced encouraging early underground drill results from this exploration program.

Highlights:

- 94.35 g/t gold over 17.40 m uncut (18.03 g/t cut) in hole U-6124
- 192.95 g/t gold over 14.25 m uncut (18.80 g/t cut) in hole U-6125
- 238.81 g/t gold over 5.00 m uncut (15.71 g/t cut) in hole U-6125
- 8.43 g/t gold over 8.2 m uncut (3.82 g/t cut) in hole U-6130

  Multiple occurrences of coarse native gold were observed in all four intervals.

At that time, two drills were used to test for a repetition of the S-50 Zone along a Z-fold interpretation 200 – 300 metres below existing mine infrastructure at a depth of approximately 1,200 metres. The nominal drill spacing to test this target is 100 metres. These early results exceeded expectations, and these rich veins are unlike anything previously encountered at this property.

Based on these encouraging results, the Company subsequently added two more drills to accelerate the exploration with the goal of determining the extent, continuity and geometry of the Kiena Deep gold system.

The new drilling continues to trace the Kiena Deep mineralized system along an altered and deformed north northwest trending (“NNW”) basalt-komatiite contact zone. Step out holes have confirmed mineralization 550 metres NNW along trend and over a depth range of 400 metres.

In order to accelerate our advanced exploration at Kiena, the Company appointed Marc-André Pelletier as Vice President of Quebec Operations, who will be based full time at the Kiena Complex. Marc-André has over 20 years’ experience in underground gold mining in Canada, and will be working closely with the geologic team to evaluate ramp development.

Geological Context

Drilling continues to identify two styles of mineralization spatially related to a basalt-komatiite (ultramafic) contact zone that trends NNW.

1) High grade extensional quartz veins in basalt (Upper Quartz Vein Zone), and
2) Albitized stockwork and vein breccia systems in sheared and altered zones (Lower Stockwork Zone).

There are likely multiple zones which remain only partially defined and are open. The full extent of the mineralized system has not been delineated. It has been traced 550 m along the contact area trend between depths 1,000 and 1,400 m and remains open. Step out holes 6146 and 6147 are of significant interest as these holes have intersected quality grade over wide widths some 150 metres north, and 250 metres south along trend of the known mineralized system, which remains open.

Drilling Progress

During Q1 2017, four drills operated on levels 670m, 770m, 910m and 960m. Challenging drilling conditions in the deformed and altered contact area have been addressed with a combination of bits, drill assemblies and specialized drilling reagents. The accelerated drilling was designed to delineate the potential size of the Kiena Deep gold system and define its internal geometry as quickly and efficiently as possible.

As a result of the favourable results to date, the Company has decided to drive an exploration ramp which will provide an enhanced drilling platform for exploration. .Previously, drill access was limited by existing mine infrastructure making conditions very difficult to reach the intended targets. Completion of the exploration ramp will provide ability to drill shorter holes at better angles, and accelerated access to the Upper Quartz Vein Zone. This project is expected to take 9 – 10 months at a cost of approximately $7.6 M. This confirms the Company’s commitment to advancing Kiena Deep to the next level. The Company plans to continue exploring with two drills testing upper targets.

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. This property hosts a large tonnage, low grade, open pit opportunity with room for expansion.

A NI 43-101 Preliminary Economic Assessment report (the "PEA Report") of the Moss Lake project highlighted its potential to support a bulk mining operation under more favourable gold prices. This PEA 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 g/t (1,377,300 ounces of gold), with additional Inferred Resources of 50,364,000 tonnes grading 1.1 g/t (1,751,600 ounces of gold).

In May, 2016, the Company 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.

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 with this acquisition the Company intends to rapidly assess potential to double the existing resources base as defined in its PEA Report. Additionally, there is similar potential to expand previous NI 43-101 resources (Foundation Resources, www.sedar.com) in the East Coldstream area.

The Company is undertaking a $5.0 million drilling program to examine potential to double the surface footprint of the Moss Lake and Coldstream mineralized systems.

Drilling commenced on the Coldstream target and is now focused on the east and west extensions of the Moss Lake deposit. Drilling will continue throughout the year with the purpose of examining potential to double the extent of known mineralization.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2017, the Company had working capital of $20.5 million compared to $15.6 million at December 31, 2016 and $4.0 million at March 31, 2016. The Company carried an inventory of 4,059 ounces of gold at March 31, 2017, with a market value of approximately $6.7 million and a carrying value of $4.7 million.

During Q1 2017, capital and exploration expenditures totalled $9.6 million compared to $4.4 million in Q1 2016. Capital expenditures of $3.8 million, which approximated the comparative quarter of $4.0 million, were concentrated on underground development, diamond drilling and infrastructure, and mobile equipment. We continued with our enhanced exploration plans spending $5.8 million in Q1 2017 compared to $0.5 million in Q1 2016. Exploration included $1.4 million spent outside of the Eagle River Complex, $3.1 million in exploration at Kiena and $1.3 million at Moss Lake.

Our cash position increased to $29.6 million as at March 31, 2017, from $26.8 million as at December 31, 2016 or a net increase of $2.8 million. Sources of net cash totaling $2.8 million included $4.3 million generated from operations, $6.9 million from the release of restricted cash due to the standby letters of credit facility instituted during this quarter and explained below, and $1.7 million from the exercises of stock options. The Company spent approximately $10.3 million including $9.6 million on exploration and mining properties, $0.6 million to repay capital lease obligations and $0.1 million interest payments on both the convertible debentures and capital leases.

The Company has issued letters of credit to the Ontario and Québec governments as guarantees for the settlement of the decommissioning provisions underlying closure plans submitted for the Eagle River and Kiena Mine Complexes, respectively. These letters of credit were previously secured by cash. As at March 31, 2017, the Company has available a credit facility of up to $15,000,000 for the issuance of letters of credit as guarantees for the settlement of decommissioning provisions. This credit facility has an annual fee of 1% on issued amounts and eliminates the requirement to provide cash security for the letters of credit.

At the beginning of Q1 2017, there were $7.0 million convertible debentures maturing on May 24, 2017. The conversion price is $2.50 per common share of the Company, and based on the recent share price of the Company at well above this conversion price, $2.0 million were converted into common shares of the Company. The Company expects that the remaining $5.0 million debentures will be converted prior to maturity.

At this time, the Company believes it has sufficient liquidity to carry out its current mining, development and exploration programs. The Company may have to access alternative sources of financing to finance additional exploration and development at both Moss Lake and especially at Kiena depending on the results of its current activities on these two properties.

SUMMARY OF SHARES ISSUED

As of May 3, 2017, the Company had securities outstanding as follows:

Common shares issued	132,601,276
Common share purchase options	5,356,888
Common shares issuable on conversion of debentures	1,972,000

CONTRACTUAL OBLIGATIONS

The following table shows the timing of cash outflows relating to contractual obligations as at March 31, 2017:

	Payments Due by Period (in $000)				
Contractual Obligations	**Total**	**Less than 1 year**	**1 – 2 years**	**3 – 5 years**	**After 5 years**
Equipment leases	**$ 7,242**	$ 2,538	$ 2,144	$ 2,560	-
Convertible debentures	**5,103**	5,103	-	-	-
	$12,345	$ 7,641	$ 2,144	$ 2,560	-

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, 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 are useful indicators 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)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**

Gold revenue from operations	**20,100**	22,321	27,534	18,447	13,284	23,622	18,199	17,202
Gold from Kiena mill cleanup	**-**	(155)	2,600	-	-	-	-	-
Total revenue	**20,100**	22,166	30,134	18,447	13,284	23,622	18,199	17,202
Mining and processing costs	**13,545**	15,033	14,619	13,954	14,389	15,855	12,946	14,099
Mine operating profit (loss)	**6,555**	7,133	15,515	4,493	(1,105)	7,767	5,253	3,103

Cash costs per ounce of gold sold

(in $000 except per ounce amount)	**Q4/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Mine site operating costs per financial statements	**13,545**	15,033	14,619	13,954	14,389	15,855	12,946	14,099
Ounces of gold sold	**12,320**	13,490	15,825	11,265	8,100	16,023	12,408	11,740
Total cash costs per ounce of gold sold	**1,099**	1,114	924	1,239	1,776	990	1,043	1,201
Average 1 USD → CAD exchange rate	**1.3236**	1.3344	1.3047	1.2886	1.3742	1.3353	1.3089	1.2293
Total cash cost per ounce of gold sold (US$)	**830**	835	708	961	1,292	741	797	977

Cash margin per ounce of gold sold

(amounts in Canadian dollars)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Gold price per ounce sold (see next table)	**1,631**	1,655	1,740	1,637	1,640	1,474	1,467	1,465
Cash costs of gold sold	**1,099**	1,114	924	1,239	1,776	990	1,043	1,201
Cash margin per ounce of gold sold (CAD$)	**532**	541	816	398	(136)	484	424	264
Average 1 USD → CAD exchange rates	**1.3236**	1.3344	1.3047	1.2886	1.3742	1.3353	1.3089	1.2293

(amounts in United States dollars)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Gold price per ounce sold	**1,232**	1,240	1,334	1,271	1,193	1,104	1,121	1,192
Cash costs of gold sold	**830**	835	708	961	1,292	741	797	977
Cash margin per ounce of gold sold (US$)	**402**	405	626	310	(99)	363	324	215

Average realized price per ounce of gold sold

(in $000 except per ounce amount)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Eagle River gold produced (ounces)	**15,162**	11,887	15,667	12,147	8,036	13,570	14,284	12,476
Eagle River gold sales (ounces)	**12,320**	13,490	15,825	11,265	8,100	16,023	12,408	11,740
Eagle River gold sales ($)	**20,100**	22,321	27,534	18,447	13,284	23,622	18,199	17,202
Average realized price per ounce of gold sold ($)	**1,631**	1,655	1,740	1,637	1,640	1,474	1,467	1,465
Average gold price per ounce ($) [1]	**1,613**	1,626	1,742	1,622	1,623	1,475	1,471	1,465

[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 and per tonne milled

(in $000 except per ounce amount)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Production costs, per financial statements	**13,545**	15,033	14,619	13,954	14,389	15,855	12,946	14,099
Inventory adjustment [i]	**2,470**	(944)	(346)	481	(194)	(1,896)	1,257	387
Production costs	**16,015**	14,089	14,273	14,435	14,195	13,959	14,203	14,486
Gold production (ounces)	**15,162**	11,887	15,667	12,147	8,036	13,570	14,284	12,476
Production costs per ounce	**1,056**	1,185	911	1,188	1,766	1,029	994	1,161
Tonnes milled	**75,219**	73,321	80,277	78,851	76,126	75,285	88,185	82,653
Production cost/tonne milled	**213**	192	178	183	186	185	161	175

[i] Inventory related adjustments are adjustments made to mining and processing costs in order for them to reflect the actual cash cost of production during the period.

	Q1/17	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Per ounce data, production basis (CAD$)								
Mining costs	**819**	865	687	920	1,316	753	753	867
Milling costs	**237**	320	224	268	450	276	241	294
	1,056	1,185	911	1,188	1,766	1,029	994	1,161
Average 1 USD → CAD exchange rates	**1.3236**	1.3344	1.3047	1.2886	1.3742	1.3353	1.3089	1.2293

	Q1/17	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Per ounce data, production basis (US$)								
Mining costs	**619**	648	527	714	958	563	575	705
Milling costs	**179**	240	171	208	327	207	185	240
	798	888	698	922	1,285	770	760	945

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 $000 except per ounce amount)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Production costs, per financial statements	**13,545**	15,033	14,619	13,954	14,389	15,855	12,946	14,099
Add:								
Royalties	**428**	334	482	283	199	336	305	286
Corporate and general	**1,431**	1,278	1,799	905	904	1,688	689	729
Sustaining mine capital, equipment leases and exploration	**4,472**	4,512	4,738	4,873	4,212	2,846	4,344	4,231
All-in costs adjustment	**6,331**	6,124	7,019	6,061	5,315	4,870	5,338	5,246
All-in sustaining costs	**19,876**	21,157	21,638	20,015	19,704	20,725	18,284	19,345
Gold sold (ounces)	**12,320**	13,490	15,825	11,265	8,100	16,023	12,408	11,740
All-in sustaining costs per ounce (CAD$)	**1,613**	1,566	1,367	1,777	2,433	1,293	1,474	1,648
Average 1 USD → CAD exchange rate	**1.3236**	1.3344	1.3047	1.2886	1.3742	1.3353	1.3089	1.2293
All-in sustaining costs per ounce (US$)	**1,219**	1,175	1,048	1,379	1,770	969	1,126	1,340

Production basis

(in $000 except per ounce amount)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Production costs (see table at page 17)	**16,015**	14,089	14,273	14,435	14,195	13,959	14,203	14,486
All-in costs adjustment (see table above)	**6,331**	6,124	7,019	6,061	5,315	4,870	5,338	5,246
All-in sustaining costs	**22,346**	20,213	21,292	20,496	19,510	18,829	19,541	19,732
Gold produced (ounces)	**15,162**	11,877	15,667	12,147	8,036	13,570	14,284	12,476
All-in sustaining costs per ounce (CAD$)	**1,474**	1,702	1,359	1,687	2,428	1,388	1,368	1,582
Average 1 USD → CAD exchange rates	**1.3236**	1.3344	1.3047	1.2886	1.3742	1.3353	1.3089	1.2293
All-in sustaining costs per ounce (US$)	**1,113**	1,275	1,042	1,309	1,767	1,039	1,045	1,287

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)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Cash flow from operating activities before working capital adjustments	**5,392**	4,976	12,852	4,885	(2,786)	5,153	3,333	1,436
Kiena care and maintenance costs	**221**	695	489	615	446	630	935	658
Annual general meeting	**-**	-	-	577	-	-	-	-
Exploration credit refund	**-**	-	-	(2,620)	-	-	-	-
Operating cash flow (adjusted)	**5,613**	5,671	13,341	3,457	(2,340)	5,783	4,268	2,094
Weighted average number of shares (000's)	**130,658**	130,205	129,936	126,091	118,313	115,140	111,186	111,051
Operating cash flow per share	**0.04**	0.04	0.10	0.04	(0.02)	0.04	0.03	0.01
Operating cash flow per share (adjusted)	**0.04**	0.04	0.10	0.03	(0.02)	0.05	0.04	0.02

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)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Cash flow from operating activities before working capital adjustments	**5,392**	4976	12,852	4,885	(2,786)	5,153	3,333	1,436
Exploration	**(5,788)**	(4,677)	(3,502)	(1,583)	(452)	50	(6)	(42)
Sustaining capital	**(3,803)**	(4,034)	(4,715)	(5,449)	(3,952)	(2,467)	(3,953)	(3,941)
Free cash flow	**(4,199)**	(3,735)	4,635	(2,147)	(7,190)	2,736	(626)	(2,547)
Kiena care and maintenance costs	**221**	695	489	615	446	630	935	658
Annual general meeting	**-**	-	-	577	-	-	-	-
Exploration credit refund	**-**	-	-	(2,620)	-	-	-	-
Free cash flow (adjusted)	**(3,978)**	(3,040)	5,124	(3,575)	(6,744)	3,366	309	(1,889)
Weighted average number of shares (000's)	**130,658**	130,205	129,936	126,091	118,313	115,140	111,186	111,051
Free cash flow per share	**(0.03)**	(0.03)	0.04	(0.02)	(0.06)	0.02	(0.01)	(0.02)
Free cash flow per share (adjusted)	**(0.03)**	(0.02)	0.04	(0.03)	(0.06)	0.03	0.00	(0.02)

Net income (loss) adjusted

(in $000)	**Q1/17**	**Q4/16**	**Q3/16**	**Q2/16**	**Q1/16**	**Q4/15**	**Q3/15**	**Q2/15**
Net income (loss)	**695**	2,352	6,897	1,837	(3,300)	1,110	(4,294)	(746)
Kiena decommissioning provision	**-**	-	-	-	-	237	4,934	-
Kiena care and maintenance	**221**	695	489	615	446	630	935	658
Annual general meeting	**-**	-	-	577	-	-	-	-
Exploration credit refund	**-**	-	-	(2,620)	-	-	-	-
Net income (loss) adjusted	**916**	3,047	7,386	409	(2,854)	1,977	1,575	(88)
Weighted average number of shares (000's)	**130,638**	130,205	129,936	126,091	118,313	115,140	111,186	111,051
Net income (loss) per share (adjusted)	**0.01**	0.02	0.06	0.00	(0.02)	0.02	0.01	(0.00)

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

CRITICAL JUDGMENT IN APPLYING ACCOUNTING POLICIES

Exploration and evaluation expenditures

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Reserves

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

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

(ii) Depletion

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

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

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

(iii) Provision for decommissioning obligations

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

(iv) Share-based payments

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

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

(v) Income taxes and deferred taxes

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

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

(vi) Recoverability of mining properties

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

(vii) Inventory – ore stockpile

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

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

(viii) Equity component of convertible debentures

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

(iv) Provisions and contingent liabilities

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

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Financial Instruments – Fair Values

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

March 31, 2017 (in $000)	Loans and Receivables	Other Financial Liabilities	Total Carrying Amount	Fair Value
Cash	**29,593**	**-**	**29,593**	**29,593**
Receivables and prepaids	**3,544**	**-**	**3,544**	**3,544**
Total assets	**33,137**	**-**	**33,137**	**33,137**
Payables and accruals	**-**	**13,660**	**13,660**	**13,660**
Obligations under capital lease	**-**	**6,860**	**6,860**	**6,860**
Convertible debentures	**-**	**4,915**	**4,915**	**7,922**
Total liabilities	**-**	**25,435**	**25,435**	**28,442**

December 31, 2016 (in $000)	Loans and Receivables	Other Financial Liabilities	Total Carrying Amount	Fair Value
Cash	26,760	-	26,760	26,760
Receivables and prepaids	2,782	-	2,782	2,782
Restricted funds	6,920	-	6,920	6,920
Total assets	36,462	-	36,462	36,462
Payables and accruals	-	11,831	11,831	11,831
Obligations under capital lease	-	6,302	6,302	6,302
Convertible debentures	-	6,900	6,900	7,723
Total liabilities	-	25,033	25,033	25,856

The fair value of cash and cash equivalents, receivables, restricted funds and payables approximate their carrying amounts due to their short-term nature. The fair value of obligations under finance leases approximates their carrying values due to current market rates and consistency of credit spread. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

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

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

Financial and Capital Risk Management

As at and during the period ended March 31, 2017, the Company's financial risk exposure and its financial risk management practices were consistent with those disclosed and applied in Note 19 to the Company's consolidated financial statements for the year ended December 31, 2016.

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 2016 annual MD&A for the year ended December 31, 2016.

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 of disclosure controls and procedures and the design 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

Internal Control over Financial Reporting

The CEO and the CFO have also designed internal controls over financial reporting ("ICFR"), 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.

Changes in Internal Controls over Financial Reporting

In the course of completing the audit for the twelve months ended December 31, 2016, a control deficiency was identified that was found to be a material weakness. A material weakness is a deficiency, or combined deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. It was determined that there was an error in calculating the cost of stockpile inventory as well as the omission of stockpile inventory from the financial statements.

During Q1 2017, management implemented additional review processes over the calculation of the cost and net realizable value of stockpile inventory. Management also implemented additional review and reconciliation procedures to reconcile production information to sales and inventory including stockpile inventory to prevent and detect similar errors and omissions in the future.

There were no additional changes made to our internal controls over financial reporting that occurred during the quarter ended March 31, 2017, 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 NI 43-101.

INFORMATION CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

The mineral reserve and resource estimates were prepared in accordance with 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 2016 Annual Information Form filed on SEDAR at www.sedar.com.