Annual Report 2000

Corporate INFORMATION

Officers and directors

Murray H. Pollitt, P. Eng.
Director, President & CEO

Marc Blais
Director

Jean Castonguay
Director

Roger W. Jolicoeur
Director

Jean Martineau
Director

Donald D. Orr
Secretary-Treasurer

M. Douglas Pollitt
Director

Senior Staff

Claude Perreault
Mine Manager

Head Office

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Administration Office

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Listing

Common shares
The Toronto Stock Exchange (WDG)
Common shares purchase warrants
The Toronto Stock Exchange (WDG.wt)

Transfer Agent and Registrar

Computershare Trust Company of Canada
Montréal, Québec
Telephone: (514) 982-7591
Website: www.computershare.com

Auditors

Grant Thornton LLP
Toronto, Ontario

Legal Counsel

Ménard Mageau Valiquette
Montréal, Québec

Annual Meeting

The Annual Meeting of Shareholders will be held at the Hôtel Le Reine-Élisabeth, Kamouraska room, 3rd floor, 900 René-Lévesque Boulevard West, Montréal, Québec, on Thursday, June 21, 2001 at 3:00 p.m.

For a complementary copy of the River Gold Mines Ltd. and Western Québec Mines Inc. Annual Report, please contact River Gold at:
8 King Street East, Suite 1305, Toronto, Ontario M5C 1B5
Telephone: (416) 360-3743 Fax: (416) 360-7620 e-mail: rivgold@idirect.ca

Cover page
Installing the hoist at the Wesdome Project.

Design: Simard Communication Marketing Printed in Canada

Message TO SHAREHOLDERS

Wesdome Gold Mines Inc. was created in 1999 to consolidate ownership of claims covering an eight kilometre strikelength of one of Val d'Or's most prolific gold structures. The claims cover the promising Wesdome project as well as the formerly producing Siscoe mine.

In late 1999, Wesdome completed an initial public offering which netted $3.0 million. In 2000, these proceeds were invested in establishing the surface infrastructure required to commence an underground exploration and development program on the Wesdome project. This work involved shaft collaring, hoist installation and erection of surface buildings on an island in Lac de Montigny. The project is fully permitted and accessed with a tugboat-barge system. Remaining items, including electrical installations and erection of the headframe, can be rapidly completed prior to commencing shaft sinking.

The Wesdome project consists of a vein-type gold deposit hosting indicated and inferred resources of 760,000 tonnes grading 5.20 grams of gold per tonne in the A zone vein system. Several other vein systems have been identified. The Company is confident that a persistent underground exploration and development effort will confirm resources in several other zones.

The underground exploration and development program is budgeted at $12.0 million. Financing this phase of work has proved impossible in the current weak gold market, however we remain optimistic that the gold market is due for a significant rally. When this happens we will be in a position to move rapidly with all the groundwork essentially complete. The infrastructure is on care and maintenance and the mood swings of investor sentiment are closely monitored.

Our Company comes from a mine operating background. We have the know-how and we respect the prolific history of vein mining in Val d'Or. Development projects take time and hard work. Markets go up and down. Persistence pays in the long run.

We were saddened by the unexpected death of our president Conrad Haché. We all learned a lot from Conrad and will honour his memory by continuing his work.

On behalf of the Board of Directors,

Murray P. Pollitt

Murray H. Pollitt, P. Eng.
President

Report ON ACTIVITIES

GENERAL

The Wesdome group of properties is located ten kilometres northwest of Val d'Or, Québec and is comprised of seven contiguous properties covering much of the northern portion of Lac de Montigny. The properties cover an eight kilometre strikelength of a northwest trending corridor which encompasses the significant, formerly producing Siscoe, Sullivan, Sigma and Lamaque mines.

The Val d'Or-Malartic gold camp has produced in excess of 20 million ounces of gold in its brief 70 year history. Despite an exploration and mining history dating back to the 1930's, development of much of these claims has been hampered by their location under the lake and by divisive ownership issues. We are confident that establishment of a modern infrastructure and persistent, diligent underground exploration will unlock the potential of this highly prospective ground.

WESDOME PROJECT

To date, over 350 diamond drill holes totalling in excess of 120,000 metres have identified at least twelve gold bearing vein systems on the Wesdome property. The best understood of these is the Wesdome A zone which strikes northwest and dips 50 degrees southwest. The A zone hosts indicated and inferred resources of 760,000 tonnes grading 5.2 grams of gold per tonne located primarily above a depth of 300 metres. More widely-spaced drilling has encountered encouraging results both at depth and to the east of existing resources. Furthermore, numerous high grade drill intersections have been identified in proximity to the A zone and elsewhere on the property. We believe we are looking at a large multi-vein gold deposit typical of the Val d'Or camp. Underground exploration and development will initially target the A zone and progressively examine the grade and continuity of peripheral structures.

During 2000, work concentrated on construction of the surface infrastructure required to commence shaft sinking and underground development. The shaft is collared and at a depth of 23 metres, the ten-foot hoist is installed, the wharf-barge access system is fully functional and delivery was taken on a specialty submarine electrical cable. Remaining items, including electrical installations and erection of the headframe, can be rapidly completed prior to commencing shaft sinking. The major components are in place or procured. We are ready to go once funding is available.

Two exploration holes were drilled to test the western limits of the A zone. These returned intersections of 5.9 grams of gold per tonne over 1.8 metres in the A zone and 7.5 grams of gold per tonne across 1.5 metres in a second structure located in the footwall of the A zone.

SISCOE MINE PROPERTY

The Siscoe mine was Val d'Or's first and richest gold mine. Between 1929 and 1949, the mine produced 883,000 ounces of gold at a grade of 9.0 grams of gold per tonne to a depth of 600 metres.

The bulk of the production came from two north-south striking, arcuate quartz veins. Recent deep drilling completed in 1997 cut high grade quartz veins grading up to 21.4 grams of gold per tonne along a corelength of 3.6 metres at a depth of 800 metres. These results demonstrate a potential repetition of Siscoe-style mineralization at depth. Given time and successful results this target is potentially accessible.

GENERAL

Wesdome Gold Mines Inc. was created in 1999 by consolidating certain property interests of Western Québec Gold Mines Inc. and Dynacor Mines Inc. in the Val d'Or mining camp. The Company holds 93 claims and two mining concessions. The Company is an exploration and development company and has no revenue.

LIQUIDITY AND CAPITAL RESOURCES

In late 1999, Wesdome completed an initial public offering which netted $3.0 million. At December 31, 1999 the Company had $3.2 million in cash. During fiscal 2000, the Company financed the establishment of the surface infrastructure required to commence an underground exploration and development program on the project. At year-end 2000, the Wesdome property is carried at $9.6 million and the Siscoe and Siscoe Extension Properties are carried at $2.0 million compared to $7.2 million and $2.0 million, respectively, at year-end 1999. At year-end 2000, the Company had $0.3 million in current assets. Current trade payables and accruals were $0.1 million. The Company was also indebted to Western Québec Mines Inc. in the amount of $0.5 million.

Total assets declined slightly from $12.6 million to $12.3 million from year-end 1999 to year-end 2000.

OUTLOOK

Wesdome Gold Mines Inc. has essentially completed construction of the surface facilities at the Wesdome project. The shaft is collared and the hoist is installed. Financing for the next stage of this project, which will include shaft sinking and underground development, is not possible due to current very weak gold market conditions. The project is well advanced and can be developed rapidly when conditions improve. In the meantime, the infrastructure is on care and maintenance.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements and all of the data included in this annual report have been prepared by and are the responsibility of the management of the Company. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimate and judgement based on currently available information.

Management is also responsible for a system of internal control which is designed to provide reasonable assurance that assets are safeguarded, liabilities are recognized and that the accounting systems provide timely and accurate financial reports.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities in respect of financial reporting and internal control. The Audit Committee of the Board of Directors meets periodically with management and the Company's independent auditors to discuss auditing matters and financial reporting issues. In addition, the Audit Committee reviews the annual consolidated financial statements before they are presented to the Board of Directors for approval.

Toronto, Canada
February 19, 2001

Donald D. Orr
Secretary-Treasurer

AUDITORS' REPORT

To the Shareholders of
Wesdome Gold Mines Inc.

We have audited the consolidated balance sheets of Wesdome Gold Mines Inc. as at December 31, 2000 and 1999 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Toronto, Canada
February 19, 2001

Grant Thornton LLP
Chartered Accountants

WESDOME

CONSOLIDATED BALANCE SHEETS

December 31	2000	1999
Assets		
Current		
Cash and cash equivalents	$ 247,252	$ 3,216,813
Receivables	51,048	29,602
	298,300	3,246,415
Exploration properties (Note 4)	12,020,957	9,418,457
	$ 12,319,257	$ 12,664,872
Liabilities		
Current		
Payables and accruals	$ 85,767	$ 176,495
Advances from Western Québec Mines Inc.	530,763	668,974
	616,530	845,469
Shareholders' Equity		
Capital stock (Note 6)	12,030,825	11,930,825
Shares to be issued (Note 7)	-	100,000
Warrants (Note 8)	85,322	85,322
Deficit	(413,420)	(296,744)
	11,702,727	11,819,403
	$ 12,319,257	$ 12,664,872

On behalf of the Board

Murray H. Pollitt
Director

Donald D. Orr
Director

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

Years Ended December 31	2000	1999
Interest income	$ 60,264	$ -
Expenses		
Corporate and general	147,439	37,601
Large corporation tax	29,501	-
Write off of deferred share issue costs (Note 5)	-	212,158
	176,940	249,759
Net loss	116,676	249,759
Deficit, beginning of year	296,744	46,985
Deficit, end of year	$ 413,420	$ 296,744
Loss per common share (Note 11)	$ 0.01	$ 0.02

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31	2000	1999
Increase (decrease) in cash and cash equivalents		
Operating activities		
Net loss	$ (116,676)	$ (249,759)
Write off of deferred share issue costs	-	212,158
Change in receivables and payables	(112,174)	152,216
	(228,850)	114,615
Financing activities		
(Repayment of) advances from Western Québec Mines Inc.	(138,211)	508,396
Common shares issued, net of commissions and issue costs	-	2,972,034
Warrants issued	-	85,322
Deferred share issue costs	-	(3,883)
	(138,211)	3,561,869
Investing activities		
Wesdome Property	(2,560,018)	(457,676)
Siscoe and Siscoe-Extension Properties	(42,262)	(2,005)
Other properites	(220)	-
	(2,602,500)	(459,681)
Cash acquired on business combination	-	10
(Decrease) increase in cash and cash equivalents	(2,969,561)	3,216,813
Cash and cash equivalents, beginning of year	3,216,813	-
Cash and cash equivalents, end of year	$ 247,252	$ 3,216,813

See accompanying notes to the consolidated financial statements.

1. THE COMPANY AND NATURE OF OPERATIONS

Wesdome Gold Mines Inc. (the "Company") is a publicly traded company and its common shares and warrants are listed on the Montreal Exchange. On December 31, 1999, Wesdome Resources Limited ("WRL"), a private company, became a wholly-owned subsidiary of the Company. Both the Company and WRL (collectively the "Companies") are incorporated under Part 1A of the Companies Act (Québec).

The Companies have not yet determined whether their exploration properties contain reserves that are economically recoverable. The recoverability of the carrying values of the Companies' exploration properties is dependent upon the continued support of Western Québec Mines Inc. ("WQM"), the discovery of economically recoverable reserves, the ability of the Companies to obtain necessary financing to complete the development and future profitable production therefrom or alternatively upon the Companies' ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

2. BASIS OF PRESENTATION AND INITIAL PUBLIC OFFERING

On December 31, 1999, the Company acquired all of the outstanding shares of WRL from WQM, a publicly held company engaged in the acquisition, exploration and development of resource properties. As consideration the Company issued 10,997,822 of its common shares to WQM. On the same day, the Company completed an initial public offering under which it issued 2,355,000 units for cash of $1,884,000 and 1,911,100 flow-through units for cash of $1,719,990. Each unit consisted of one common share and one warrant of the Company and each flow-through unit consisted of one flow-through common share and one warrant of the Company. Each warrant originally entitled the holder to subscribe for one flow-through common share of the Company at a price of $1.05 per share until November 30, 2000, which date has been extended to June 29, 2001. The net proceeds to the Company after deducting commissions of $255,427 and other issue costs of $291,207, was $3,057,356.

After the acquisition and initial public offering, WQM, the former parent company of WRL owned approximately 64% of the outstanding common shares of the Company and accordingly, the acquisition described above was accounted for as a reverse takeover. Under reverse takeover accounting, the Company is considered to be a continuation of WRL and not of itself. Accordingly, the consolidated financial statements include the accounts of WRL and the results of its operations and its cash flows since its incorporation and the accounts, results of operations and cash flows of Wesdome Gold Mines Inc. since the acquisition.

The reverse takeover was accounted for under the purchase method as follows:

		1999
Assets of Wesdome Gold Mines Inc. acquired		
Cash	$	10
Siscoe and Siscoe-Extension Properties (Note 4)		2,017,352
		2,017,362
Liabilities of Wesdome Gold Mines Inc. assumed		-
Net assets acquired	$	2,017,362
Value ascribed to common shares issued	$	2,017,362

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Exploration properties
All direct costs associated with exploration properties are capitalized as incurred. If the property proceeds to development, these costs are transferred to mining properties. If a property is abandoned, disposed of or continued exploration is not deemed appropriate in the foreseeable future, the related costs and expenditures are written off.

The amounts capitalized represent costs to be charged to operations in the future and do not necessarily reflect the present or future values of particular properties.

Stock option plan
The Company has a stock option plan, which is described in Note 9. No compensation expense is recognized when options are granted. The consideration paid on exercise of options is credited to capital stock.

Income taxes
In fiscal 2000, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants relating to future income taxes. Future income tax assets are recognized on temporary timing differences between reported and taxable income and on losses incurred more likely than not to be carried forward to reduce future taxable income. Future income tax liabilities are recognized on temporary timing differences between reported and taxable income which will increase future taxable income.

The adoption of these recommendations was applied retroactively, but had no effect on reported prior period losses.

4. EXPLORATION PROPERTIES

Wesdome Property
At December 31, 2000, the Company had a 100% interest in this property which consists of 51 claims totalling 2,003 acres and is located under de Montigny Lake in Vassan and Dubuisson Townships, Québec.

In January 1999, WRL entered into an agreement with WQM whereby WQM would earn up to a 5.6% interest in the property by spending up to $800,000 on exploration expenditures on the property prior to December 31, 1999. In June 1999, WRL agreed to acquire WQM's interest by the issuance of 0.625 common shares for each dollar of expenditures. WQM spent the $800,000 and accordingly, WRL issued 500,000 common shares at a value of $800,000 to WQM as consideration.

4. EXPLORATION PROPERTIES (continued)

Wesdome Property (continued)

In May 1999, WRL granted Dynacor Mines Inc. ("Dynacor") an option to earn a maximum 14% undivided interest in the property by spending up to $2,000,000 on exploration expenditures on the property by December 31, 2000, at the rate of a 1.4% interest for each $200,000 spent. By September 22, 1999, Dynacor had spent $400,000 and had earned a 2.8% interest. On January 17, 2000, WRL acquired Dynacor's 2.8% interest.

The property is subject to a 1% net smelter royalty.

Siscoe and Siscoe–Extension Properties

The Siscoe Property is located in Dubuisson and Vassan Townships, Québec and consists of two mining concessions. The Siscoe-Extension Property is located within the mining camp of Val d'Or, Québec and consists of 13 contiguous claims.

In 1999, the Company acquired a 100% interest in the Siscoe Property and a 75% interest in the Siscoe-Extension Property as described in Note 2. The seller, Dynacor, retained a 3% net smelter return royalty of which 1% can be purchased for $500,000.

Other properties

Other properties consist of interest in the Lamothe, Lamothe-Extension, Yankee Clipper and Callahan Properties. These properties are contiguous to the Wesdome property.

The Lamothe and Callahan Properties are subject to a 1% net smelter royalty and eight of the ten claims comprising the Yankee Clipper Property are subject to a 2% net profits royalty.

Carrying values	**2000**	1999
Wesdome Property		
Cost of property	**$ 1,115,858**	$ 715,858
Cost of acquiring WQM's interests	**6,075,731**	6,075,731
Exploration expenditures	**2,617,694**	457,676
	9,809,283	7,249,265
Siscoe and Siscoe–Extension Properties		
Cost of property	**2,017,352**	2,017,352
Exploration expenditures	**44,267**	2,005
	2,061,619	2,019,357
Other properties		
Cost of properties	**90,000**	90,000
Exploration expenditures	**60,055**	59,835
	150,055	149,835
	$ 12,020,957	$ 9,418,457

5. DEFERRED SHARE ISSUE COSTS

Deferred share issue costs, which related to a proposed public issue of shares of WRL, were written off in 1999.

6. CAPITAL STOCK

Authorized:

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Common shares issued:

Because the business combination described in Note 2 was accounted for as a reverse takeover, the values attributed to common shares issued reflect the values of common shares issued by WRL to the time of the business combination, the value ascribed to common shares issued by the Company to effect the business combination and the values of common shares subsequently issued by the Company.

Common shares of WRL	Shares	Amount
Outstanding at December 31, 1998	8,888,354	$ 6,141,429
Issued to acquire interest in Wesdome Property (Note 4)	500,000	800,000
Held by directors returned for cancellation	(5)	-
Outstanding immediately prior to business combination	9,388,349	$ 6,941,429

Common shares of the Company	Shares	Amount
Outstanding immediately prior to business combination	2,017,362	$ 6,941,429
Issued to effect business combination	10,997,822	2,017,362
Issued for cash, net of commissions of $255,427 and other issue costs of $291,207	4,266,100	2,972,034
Shares outstanding at December 31, 1999	17,281,284	11,930,825
Issued on conversion of advances (Note 7)	125,000	100,000
Shares outstanding at December 31, 2000	17,406,284	$ 12,030,825

7. SHARES TO BE ISSUED

In December 1999, WQM agreed to convert $100,000 of its advances into 125,000 common shares of the Company. The shares were issued on February 8, 2000.

8. WARRANTS

As indicated in Note 2, the Company issued in 1999 4,266,100 warrants for $85,322. Each warrant entitles the holder to subscribe for one flow-through common share of the Company at a price of $1.05 per share until June 29, 2001.

9. STOCK OPTION PLAN

On December 29, 1999, the Company adopted a stock option plan (the "Plan") which the directors of the Company can grant options to acquire common shares of the Company to qualified directors, officers and employees of, and consultants providing on-going services to, the Company or any subsidiary of the Company. Exercise prices cannot be less than the highest closing price of the Company's common shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed ten years. The maximum aggregate number of common shares under option at any time pursuant to the Plan is set at 4,000,000. The maximum number of common shares which may be reserved for issuance to any one person under the Plan shall be 5% of the common shares outstanding at the time of the grant (on a non-diluted basis) less the aggregate number of common shares reserved for issuance to such person under any other option to purchase common shares from treasury granted as a compensation or incentive mechanism.

No options have been granted under the Plan.

10. INCOME TAXES

The following table reconciles the expected income tax recovery at the statutory income tax rate to the amounts recognized in the consolidated statements of operations.

		2000		1999
Net loss reflected in consolidated statements of operations	**$**	**116,676**	$	249,759
Expected income tax recovery	**$**	**(52,000)**	$	(112,000)
Non-deductible expenses		**13,000**		95,000
Non-capital losses not recognized		**39,000**		17,000
	$	**-**	$	-

The following table reflects future income tax assets at December 31, 2000 and 1999.

		2000		1999
Future income tax assets				
Unclaimed non-capital losses	**$**	**120,000**	$	31,000
Unclaimed financing costs		**180,000**		232,000
		300,000		263,000
Less unrecognized amount		**300,000**		263,000
	$	**-**	$	-

11. LOSS PER COMMON SHARE

Per share information is based on a weighted average of common shares outstanding of 17,393,613 for 2000 and 11,015,037 for 1999.

The average number of common shares used to calculate loss per share for 1999 was based on the number of common shares issued by the Company to the former shareholders of WRL for the period prior to December 31, 1999 and thereafter on the number of common shares issued and outstanding.

12. RELATED PARTY INFORMATION

Under the terms of management agreements, WQM, as manager, provides technical and administrative support and carries out annual exploration programs on the Companies' exploration properties for an indefinite term. WQM is entitled to an administrative fee, expressed as a percentage of allowable costs (as defined and including capital expenditures) of 7.5% during the exploration phase, 5% during the development and preproduction phase and 2.5% after commencement of commercial production. Administrative fees charged in 2000 and 1999 amounted to $153,702 and $87,212, respectively, all of which were charged to exploration expenditures.

13. FINANCIAL INSTRUMENTS

The Company estimates that the fair value of financial instruments included in the balance sheets approximates the carrying values.