

WESDOME

Annual Report 2003



Corporate *information*

Directors

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St-Lambert, Québec

Paul Cregheur
Harricana Ouest, Québec

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Dubuisson, Québec

Robert K. Landis
Weston, Mass.

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Blainville, Québec

Murray H. Pollitt
Toronto, Ontario

**Audit committee member*

Officers

Murray H. Pollitt, P. Eng.
Chairman

Paul Cregheur
President

Donald D. Orr
Secretary-Treasurer

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Listing

Canadian Venture Exchange (WDG)

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

Pothier Valiquette
Montréal, Québec

Annual Meeting

The Annual Meeting of Shareholders will be held at
1155 University Street, Suite 1216, Montréal, Québec H3A 3B7,
on Wednesday, June 23, 2004 at 11:00 a.m.

Cover photo:
Kiena mill and
headframe looking
east towards the
Shawkey property.

Message to shareholders

In February 2004, we advised shareholders as follows: “In a series of important transactions at year-end 2003, Wesdome acquired the Kiena mine complex, the Shawkey and the McKenzie Break properties. While none of the Wesdome, Shawkey, McKenzie Break or Kiena properties can operate alone in today’s climate, collectively they represent an asset with formidable potential. There are significant gold zones on all these properties and Kiena has a state-of-the-art 2,000 tpd mill, tailings facilities and a 1000 m shaft. Now that these assets are all under the Wesdome corporate roof there is a real opportunity to build sufficient critical mass to enable mining and milling operations at the complex to restart.

The greatest potential appears to lie in the Wesdome property, but because those zones are three to four kilometres from the Kiena shaft, it will take close to three years to gain access to them. Long term we expect significant mining operations at Wesdome, probably based in the north end of Lac de Montigny. Once the drift from Kiena is in place we will complete the shaft on Island 3 (where a hoist is already installed), build a one-kilometre causeway (subject to permitting) and arrange to place waste on the north shore (already permitted) and send ore south to Kiena. As and when Wesdome becomes functional, it will only be a matter of time before we drift east to have a look at Siscoe.

In the immediate future we plan to move forward quickly on McKenzie Break and areas closer to the Kiena shaft. Subject to a little more drilling, we intend to open up McKenzie Break, a property that should yield modest 10 gram tonnage for mill feed. We also intend to drift into the Shawkey 22 zone where extensive drilling has indicated good potential. Not only does 22 zone contain widespread mineralization, there are several zones to be investigated on the way. And it appears that potential at depth on the Kiena North zone may yield some tonnage. These are about 800 metres from the Kiena shaft (and directly en route to Wesdome) and we intend to access this area as soon as possible.

Funds in hand should cover the exploration and development expenses on Kiena, Shawkey and McKenzie Break described above. If successful, and subject to further financing for pre-production activities, we have set a tentative date for the recommencement of production of gold in November, 2005.

In short, Wesdome’s recent transactions represent a marriage between resources and infrastructure. The latter is in excellent condition and is fully permitted. From a state of hibernation Wesdome has embarked on one of the biggest exploration/development projects in Québec. As long as the gold price co-operates there is a real chance to build a mid-size, long life mine.”

We feel the above summarizes Wesdome’s purpose. Thus far in 2004, work has commenced on three drifts, one east towards Shawkey on the 330 m level and two north towards the North zone and the 388 zone on the Kiena property. The 550 m level drift will ultimately be extended north to the Wesdome property.

Diamond drilling is also underway on the McKenzie Break property with a view to delineating reserves established in previous drilling programs.

There are approximately 40 men employed on Kiena. All facilities are functioning smoothly and we are still optimistic about commencing mining in November, 2005.

We extend our thanks to our employees and shareholders for their patience and continued support.

On behalf of the Board of Directors,



Paul Cregheur
President
April 15, 2004

Report on activities

GENERAL

Wesdome Gold Mines Inc. underwent a dramatic transformation in 2003. In a series of transactions at year-end, Wesdome acquired the Kiena mine complex, the Shawkey and the McKenzie Break properties in the Val d'Or mining camp in northwestern Québec. While none of the Wesdome, Shawkey, McKenzie Break or Kiena properties can operate alone in today's climate, collectively they represent an asset with formidable potential. There is significant potential on all these properties and Kiena has a state-of-the-art 2,000 tpd mill, tailings facilities and a 1,000 metre shaft.

The greatest potential appears to lie in the Wesdome group of properties which consists of seven contiguous claim groups 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 formerly producing Siscoe, Sullivan, Sigma and Lamaque mines. The Val d'Or-Malartic gold camp has produced over 20 million ounces of gold in its 70-year history.

Development of the Wesdome claims has been hampered by their location under Lac de Montigny and by divisive ownership issues. Wesdome Gold Mines Inc. has consolidated ownership and acquired a modern infrastructure that will permit underground exploration.

WESDOME PROJECT

The Wesdome project is our priority. Previous work includes over 460 drill holes which have identified at least 12 gold bearing vein systems. The most advanced of these is the Wesdome A zone which hosts indicated and inferred resources of 760,000 tonnes grading 5.2 grams of gold per tonne. Indicated resources stand at 145,000 tonnes grading 5.4 grams of gold per tonne and inferred resources at 615,000 tonnes grading 5.1 grams of gold per tonne. Resources are located primarily above a depth of 300 metres. More widely spaced drilling has encountered encouraging results both below and to the east of existing resources. Furthermore, numerous good drill intersections have been identified in other structures in proximity to the A zone and elsewhere on the property. Underground exploration and development are required to unravel the geometry of this large mineralized system. Initial work will target the A zone and progressively examine the grade and continuity of peripheral structures.

The plan is to drift to the Wesdome property from the Kiena mine, a distance of three to four kilometres. This will take close to three years. Once the drift is in place we will complete the shaft on Island 3 (where a hoist is already installed), build a one kilometre causeway (subject to permitting) and arrange to place waste on the north shore (already permitted) and send ore south to the Kiena mill.

SISCOE MINE PROPERTY

The Siscoe mine was Val d'Or's first and richest gold mine producing 883,000 ounces of gold from ore grading 9.0 grams of gold per tonne between 1929 and 1949. Production came from above 600 metres depth.

In 1997, deep drilling cut high-grade quartz veins at a depth of 800 metres. Grading up to 21.4 grams of gold per tonne along a core-length of 3.6 metres, these results demonstrate a potential repetition of the veins at depth. When Wesdome becomes functional, it will only be a matter of time before we drift east to explore Siscoe.

KIENA MINE COMPLEX

The Kiena mine complex was acquired in December 2003 by paying \$2.8 million to McWatters Mining Inc. and issuing 350,000 shares at \$1.10 per share to Western Québec Mines Inc. The Kiena mine complex consists of the former Kiena mine and the related mill, certain mining assets, 165 mining claims and one mining concession in the Township of Dubuisson, Québec.

Wesdome intends to spend \$5.0 million in 2004 on an underground program consisting of an exploration drift from Kiena into Shawkey and extensive exploration work on known zones. Work will include a systematic evaluation of known zones in order to establish resource estimates.

SHAWKEY PROPERTIES

The Shawkey properties were acquired in December 2003 by issuing 4.3 million shares at \$1.10 per share to Western Québec Mines Inc. The Shawkey and the Shawkey South properties consist of four mining concessions and three mining claims, respectively, in the Township of Dubuisson, Québec. The Shawkey property is located on a peninsula of the south part of the De Montigny Lake approximately 1.5 kilometres east of the Kiena mineshaft. The Shawkey property hosts extensive mineralization on the 22 zone which has been traced for 500 metres and to depths of 300 metres. The property also has several interesting targets such as the Martin zone which has produced 149,000 tonnes grading 8 gAu/tonne decades ago when Shawkey was a producing mine. In 2004, we will establish access to the 22 zone on the 330 metre level in order to determine its continuity and grade and estimate resources.

MCKENZIE BREAK PROPERTY

The McKenzie Break property was acquired in December 2003 by issuing 2.0 million shares at \$1.10 per share to Western Québec Mines Inc. The McKenzie Break property consists of ten mining claims in the Townships of Fiedmont and Courville, Québec. The property is located 30 kilometres north of Val d'Or. The property has indicated resources of 186,000 tonnes grading 10 gAu/tonne at shallow depths. The extension of this zone at depth needs to be defined. We intend to open up McKenzie Break in 2004 to yield initial mill feed.

April 15, 2004

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. In December 2003, the Company acquired the Kiena mine complex, the Shawkey and McKenzie Break properties from Western Québec. The Company holds 269 claims and seven mining concessions. The Company is an exploration and development company and has no revenue. The Company is a 54% owned subsidiary of Western Québec Mines Inc.

ANALYSIS OF EXPLORATION PROPERTIES

(in thousands)

	Wesdome	Siscoe	Kiena	Shawkey	McKenzie Break	Other	Total
Balance, Dec 31, 2001	\$ 9,943	\$ 2,079	\$ -	\$ -	\$ -	\$ 151	\$ 12,173
Project supervision	28	6	-	-	-	-	34
Diamond drilling	-	17	-	-	-	-	17
Mobile equipment	5	-	-	-	-	-	5
Insurance	8	-	-	-	-	-	8
Consulting	5	-	-	-	-	-	5
Taxes	2	3	-	-	-	-	5
Field supplies	1	1	-	-	-	-	2
Miscellaneous	1	-	-	-	-	-	1
Balance, Dec 31, 2002	9,993	2,106	-	-	-	151	12,250
Acquisition	-	-	2,191	4,812	2,239	-	9,242
Mining equipment	-	-	1,000	-	-	-	1,000
Project supervision	23	19	1	-	-	-	43
Diamond drilling	-	14	-	-	-	-	14
Assays	-	3	-	-	-	-	3
Mobile equipment	11	-	-	-	-	-	11
Insurance	10	-	-	-	-	-	10
Consulting	3	2	-	-	-	-	5
Taxes	-	4	-	-	1	-	5
Balance, Dec 31, 2003	\$ 10,040	\$ 2,148	\$ 3,192	\$ 4,812	\$ 2,240	\$ 151	\$ 22,583

ANALYSIS OF CORPORATE AND GENERAL EXPENSES

	2003	2002
Stock transfer fees	14,811	21,386
Audit fees	25,000	15,970
Shareholders' information	20,143	16,379
Insurance	5,192	4,367
Filing fees	13,470	5,312
Stock exchange fees	3,600	4,150
Legal fees	1,448	4,268
Directors fees	2,600	800
Miscellaneous	1,814	3,171
	\$ 88,078	\$ 75,803

SUMMARY OF QUARTERLY RESULTS

(For the quarter ended)

	Dec 31	Sept 30	Jun 30	Mar 31
2003				
Interest income	\$ 367	\$ 20	\$ 23	\$ 60
Net loss	57,834	21,011	13,863	22,623
Loss per common share	0.01	0.00	0.00	0.00
Total assets (in thousands)	31,496	12,340	12,337	12,312
Shareholders' Equity (in thousands)	30,971	12,095	12,116	12,130
2002				
Interest income	\$ 163	\$ 183	\$ 188	\$ 100
Net loss	18,841	19,817	28,829	31,682
Loss per common share	0.00	0.00	0.00	0.01
Total assets (in thousands)	12,304	12,272	12,274	12,289
Shareholders' Equity (in thousands)	12,153	12,172	12,192	12,220

COSTS AND EXPENSES

The Company maintained its expenditure of \$0.1 million on corporate and general expenses in 2003 as it had in 2002. In 2004 Wesdome will transform from a company on care and maintenance into an active exploration company.

SELECTED ANNUAL INFORMATION

	2003	2002	2001
Interest income	\$ 470	\$ 634	\$ 4,579
Net loss	115,331	99,169	90,604
Loss per common share	0.01	0.01	0.01
Total assets (in thousands)	31,496	12,304	12,229
Shareholders' equity (in thousands)	30,971	12,153	11,612

RESULTS OF OPERATIONS

In late 1999, Wesdome completed an initial public offering, which netted \$3.0 million. During fiscal 2000, the Company constructed the surface infrastructure required to commence an underground exploration and development program on the Wesdome project. In 2003, the Company acquired Western Québec's right to acquire the Kiena mine complex from McWatters Mining Inc. for the issuance of 350,000 shares priced at \$1.10 per share. The Company also paid McWatters \$2.8 million for mining equipment, a state-of-the-art 2,000 tpd mill, tailings facilities and a 1,000 metre shaft. At the same time the Company acquired the Shawkey properties and McKenzie Break property from Western Québec by issuing 4.3 million and 2.0 million shares respectively, priced at \$1.10 per share. As a result of these acquisitions Wesdome has embarked on one of the biggest exploration/development projects in Québec.

LIQUIDITY AND CAPITAL RESOURCES

Until recently, Wesdome has relied on the financial support of parent company, Western Québec Mines Inc. On December 29, 2003 the Company sold 7.0 million units at a price of \$1.10 per unit for proceeds of \$7.7 million. Each unit consists of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$1.40 per share until December 29, 2004.

On December 30, 2003 the Company sold 3,503,333 flow-through units at a price of \$1.20 per unit for proceeds of \$4,204,000. Each flow-through unit consists of one "flow-through" common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$1.40 per share until December 30, 2004. In connection with the flow-through private placement, Wesdome paid a 5% commission and issued broker warrants to purchase 175,166 common shares at a price of \$1.40 per share until December 30, 2004.

As a result of the above year-end financing, current assets were \$8.9 million at year-end 2003 compared to \$0.05 million in 2002. Current liabilities were \$0.5 million at year-end 2003 compared to \$0.15 million in 2002. Exploration properties increased to \$22.6 million from \$12.3 million. Shareholders' equity rose to \$31.0 million from \$12.1 million. Capital stock increased to 36.2 million shares outstanding from 19.0 million.

The Company intends to spend \$5.0 million on an underground program consisting of an exploration drift from Kiena into Shawkey and extensive exploration work on known zones. The Company also intends to raise further funds before year-end 2004.

TRANSACTIONS WITH RELATED PARTIES

In December 2003, the Company acquired from Western Québec, the Shawkey properties and the McKenzie Break property by issuance of 4,300,000 and 2,000,000 shares of the Company, respectively, at \$1.10 per share for a total consideration of \$6,930,000. An independent valuator determined the acquisition price. In December 2003, the Company also acquired from Western Québec its right to purchase the Kiena Mine Complex from McWatters Mining Inc. The value ascribed to Western Québec's right to acquire the Kiena Mine Complex was \$385,000 representing the payment by Western Québec of the \$200,000 deposit to McWatters as well as expected out-of-pocket expenses in connection with the acquisition.

Under the terms of management agreements, Western Québec, as manager, provides technical and administrative support and carries out annual exploration programs on the Company's exploration properties for an indefinite term. Western Québec 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 2003 and 2002 amounted to \$6,554 and \$5,572, respectively. In 2004, as an active exploration company, Wesdome's administrative fees will increase substantially.

During 2003, the Company sold refurbished mining equipment to River Gold totalling \$333,038. These transactions were in the normal course of operations and were measured at exchange amounts which approximated market.

RESERVES AND RESOURCES

Various resource estimates have been made by previous operators on Wesdome's properties. Recent regulation National Instrument 43-101, Standards of Disclosure for Mineral Projects, requires strict guidelines on reporting reserve/resource estimates. Management intends to review and compile historical estimates in 2004 and table revised and compliant estimates at year-end. The following estimates comply:

Wesdome A Zone:

Indicated Resources	145,000 tonnes at 5.4 gAu/tonne
Inferred Resources	615,000 tonnes at 5.1 gAu/tonne
Total	760,000 tonnes at 5.2 gAu/tonne

Estimated by independent "Qualified Person" Daniel Gaudreault, P Eng of consulting group Géologica-Conseil Inc. Based on a cut-off grade of 3.5 gAu/tonne.

McKenzie Break No. 4 Zone:

Indicated Resources	186,000 tonnes at 10 gAu/tonne
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Estimated by independent consultant and "Qualified Person" George Mannard, P Geo. employing a cut-off grade of 3.0 gAu/tonne and a minimum width of 1.83 metres. Resources lie above a depth of 120 m and have been drilled at 30 m centres.

CRITICAL ACCOUNTING ESTIMATES

(i) Mining properties and Plant and equipment

The Company has not yet determined whether its exploration properties contain reserves that are economically recoverable. The recoverability of the carrying values of exploration properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production there from or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. Management conducts periodic reviews of its mineral properties to determine if write-downs are required. Management estimates that no write-downs were required in 2003.

(ii) The Company estimates its future closure costs for the Kiena mine and mill to be about \$0.7 million. The Company has provided letters of credit to be held against these environmental obligations. The retirement obligation will be recorded in 2004.

ADOPTION OF NEW ACCOUNTING POLICIES

Stock-based compensation

The Company has adopted in 2003 the recognition of compensation expense for grant of stock options to directors, officers and employees based on the estimated share value at the grant date prospectively for new stock-based compensation awards granted after January 1, 2003. No options were granted in 2003 and accordingly no expense was recorded.

Asset retirement obligations

The Company will adopt in 2004 the CICA Handbook Section 3110 relating to asset retirement obligations. This new Section establishes standards for the recognition, measurement and disclosure of asset retirement obligations and the related asset retirement costs. It replaces requirements in property, plant and equipment Section 3061, concerning future removal and site restoration costs. This requirement is pertinent to closure costs at the Kiena mill and tailings pond and mine. The Company estimates the impact will be \$0.3 million recorded as asset retirement cost and obligation in the first quarter of 2004.

ENVIRONMENT

Wesdome is committed to a program of environmental protection at its operating mines, development projects and exploration sites. Wesdome was in compliance with government regulations in 2003. Although the ultimate amount of reclamation and closure costs is uncertain, the Company estimates its future closure costs for the Kiena mine, mill and tailings pond are estimated to be about \$0.7 million. The Company has provided letters of credit to be held against these future environmental obligations.

RISKS AND UNCERTAINTIES

The profitability of Wesdome is affected by business risks including the gold price and foreign exchange rates. Since gold is quoted in U.S. dollars and operating costs are in Canadian dollars, changes in the U.S. - Cdn. currency rates will have an impact on future earnings.

The Company's development and exploration projects, are affected by various laws and regulations, including those which cover environmental, health and safety matters. Existing legislation and regulations are subject to change, the impacts of which are difficult to measure. It is the policy of the Company to maintain safe working conditions at all its work sites, comply with health and safety legislation, maintain equipment and premises in safe condition and ensure that all employees are trained and comply with safety procedures.

SUMMARY OF SHARES ISSUED

See note 5 to the audited consolidated financial statements as at December 31, 2003 and 2002. No shares have been issued in 2004.

ANNUAL INFORMATION FORM

The Company's current and previous years' Annual Information Forms (AIF) can be found on our web site www.wesdomegoldmines.com and on Sedar www.sedar.com.

OUTLOOK

As a result of the acquisition of the Kiena mine complex and the Shawkey and McKenzie Break properties, Wesdome has assembled a strategic land position in a proven gold camp. If the results of exploration programs are successful and subject to further financing for pre-production activities, we have set a tentative date for the recommencement of production of gold in November, 2005. From a state of hibernation Wesdome has embarked on one of the most ambitious exploration/development projects in Québec. As long as the gold price co-operates there is a real chance to build a mid-size, long-life mine.

This MD&A contains certain forward-looking statements relating but not limited to the Company's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. In addition, the Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.



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 18, 2004

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, 2003 and 2002 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, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
February 18, 2004

Grant Thornton LLP
Chartered Accountants

Consolidated Balance Sheets

December 31	2003	2002
Assets		
Current		
Cash	\$ 206,344	\$ 38,180
Term deposits	7,000,000	-
Receivables (Note 3)	1,706,646	15,408
	8,912,990	53,588
Exploration properties (Note 4)	22,582,975	12,250,137
	\$ 31,495,965	\$ 12,303,725
Liabilities		
Current		
Payables and accruals	\$ 302,890	\$ 99,452
Advances from Western Québec Mines Inc. (Note 11)	222,165	51,319
	525,055	150,771
Shareholders' Equity		
Capital stock (Note 5)	31,604,112	12,670,825
Contributed surplus (Note 6)	85,322	85,322
Deficit	(718,524)	(603,193)
	30,970,910	12,152,954
	\$ 31,495,965	\$ 12,303,725

On behalf of the Board



Murray H. Pollitt
Director



Paul Cregheur
Director

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Operations and Deficit

Years Ended December 31	2003	2002
Interest income	\$ 470	\$ 634
Expenses		
Corporate and general	88,078	75,803
Large corporation tax	27,723	24,000
	115,801	99,803
Net loss	(115,331)	(99,169)
Deficit, beginning of year	(603,193)	(504,024)
Deficit, end of year	\$ (718,524)	\$ (603,193)
Loss per common share		
Basic and diluted (Note 10)	\$ (0.01)	\$ (0.01)

Consolidated Statements of Cash Flows

Years Ended December 31	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating activities		
Net loss	\$ (115,331)	\$ (99,169)
Change in receivables and payables	212,200	32,521
	96,869	(66,648)
Financing activities		
Common shares issued	9,918,287	-
Common shares issued to Western Québec Mines Inc. for cash	-	85,992
Advances from Western Québec Mines Inc.	170,846	50,833
	10,089,133	136,825
Investing activities		
Exploration properties	(3,017,838)	(76,811)
Net increase (decrease) in cash and cash equivalents	7,168,164	(6,634)
Cash and cash equivalents, beginning of year	38,180	44,814
Cash and cash equivalents, end of year	\$ 7,206,344	\$ 38,180
Supplemental cash flow information:		
Non-cash transaction:		
Common shares issued to		
Western Québec Mines Inc. to settle advances	\$ -	\$ 554,008
Western Québec Mines Inc. for exploration properties	\$ 7,315,000	\$ -

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, continued under Part 1A of the Companies Act (Québec) and its common shares are listed on the TSX Venture Exchange. On December 31, 2003 and 2002, 54% and 67%, respectively, of the Company's common shares were owned by Western Québec Mines Inc. ("WQM"), a publicly traded company listed on The Toronto Stock Exchange.

The Company has not yet determined whether its exploration properties contain reserves that are economically recoverable. The recoverability of the carrying values of exploration properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production there from or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with accounting principles general accepted in Canada and includes the accounts of the Company and its wholly-owned subsidiary, Wesdome Resources Limited.

Use of estimates

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, net of bank overdrafts and highly liquid term deposits with original maturities of three months or less.

Exploration and development properties

Each property is accounted for as a separate project. All direct costs related to the acquisition and exploration of each project are capitalized as incurred. If a property proceeds to development, these costs become part of the preproduction and development costs of the mine. If a property is abandoned 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.

Income taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantially enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. A valuation allowance is recognized to

the extent that the recoverability of future income tax assets is not considered more likely than not.

Stock-based compensation plan

The Company has adopted the recognition of compensation expense for grants of stock options to officers, directors and employees based on the estimated fair value at the grant date prospectively for new stock-based compensation awards granted after January 1, 2003. No options were granted in 2003 and accordingly no expense was recorded.

Loss per common share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted earnings per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants.

3. RECEIVABLES

	2003	2002
Goods and services tax	\$ 5,030	\$ 3,388
Receivable from issue of common shares	1,700,000	-
Other	1,616	12,020
	\$ 1,706,646	\$ 15,408

4. EXPLORATION PROPERTIES

Wesdome property

The Company has 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.

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

Shawkey properties

In December 2003, the Company acquired from Western Québec, the Shawkey and the Shawkey South properties consisting of four mining concessions and three mining claims, respectively, in Dubuisson Township, Québec. The acquisition price was determined by an independent valuator, which was settled by issuance of 4,300,000 shares of the Company at \$1.10 per share for a total consideration of \$4,730,000. The Company incurred additional costs of \$82,485.

McKenzie Break property

In December 2003, the Company acquired from Western Québec, the McKenzie Break property consisting of ten mining claims in the townships of Fiedmont and Courville, Québec. The acquisition price was determined by an independent valuator, which was settled by the issuance of 2,000,000 shares of the Company at \$1.10 per share for a total consideration of \$2,200,000. The Company incurred additional costs of \$38,562.

4. EXPLORATION PROPERTIES (continued)**Kiena Mine Complex**

In December 2003, the Company acquired from Western Québec its right to purchase the Kiena Mine Complex from McWatters Mining Inc. ("MMI"). The value ascribed to Western Québec's right to acquire the Kiena Mine Complex was \$385,000 representing the payment by Western Québec of the \$200,000 deposit to MMI as well as expected out-of-pocket expenses in connection with the acquisition of the Kiena Mine Complex. The Company issued to Western Québec 350,000 shares at \$1.10 per share. Under the terms of the agreement with MMI, the Company paid the remaining \$2,800,000 to MMI. The Company incurred additional costs of \$5,560.

The Kiena Mine Complex consists of the Kiena Mine concession, certain mining assets and 165 mining claims in the Township of Dubuisson, Québec.

In the event that the Company brings the Kiena Mine into production, MMI will be entitled to receive a 2-4% Net Smelter Returns Royalty in respect of ore processed at the Kiena Mill from the ore bodies as defined.

In addition to the Net Smelter Returns Royalty payments, MMI is entitled to receive the following production based payments from the Company:

- a) a cash payment of \$1,000,000 in the event that 20,000 tonnes or more of ore is processed at the Kiena Mill for any consecutive forty day period;
- b) a production payment on all ore processed at the Kiena Mill from any source as follows:
 - (i) \$1.50 per tonne on the first 5.0 million tonnes or ore; and
 - (ii) \$1.00 per tonne on all ore processed thereafter.

The Kiena Mine tailings dam is subject to a mine closure plan as approved by the Québec Ministry of Natural Resources. In January 2004, the Company posted the required 70% standby letter of credit of \$671,215.

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.

The Company owns a 100% interest in the Siscoe Property and a 75% interest in the Siscoe-Extension Property. The original vendor retains a 3% net smelter return royalty of which 1% can be purchased for \$500,000.

Other properties

Other properties consist of interests 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	2003	2002
Wesdome Property		
Cost of property	\$ 1,115,858	\$ 1,115,858
Cost of acquiring WQM's interests	6,075,731	6,075,731
Exploration expenditures	2,848,357	2,800,915
	10,039,946	9,992,504
Shawkey Properties		
Cost of acquiring WQM's interests	4,812,485	-
McKenzie Break Property		
Cost of acquiring WQM's interests	2,238,562	-
Kiena Mine Complex		
Cost of property	2,190,560	-
Mining equipment	1,000,000	-
Exploration expenditures	1,626	-
	3,192,186	-
Siscoe and Siscoe-Extension Properties		
Cost of property	2,017,352	2,017,352
Exploration expenditures	130,940	89,469
	2,148,292	2,106,821
Other properties		
Cost of properties	90,000	90,000
Exploration expenditures	61,504	60,812
	151,504	150,812
	\$ 22,582,975	\$ 12,250,137

5. CAPITAL STOCK**Authorized:**

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

Issued:	Shares	Amount
Balance, December 31, 2001	17,406,284	\$ 12,030,825
Issued to WQM under private placement	1,600,000	640,000
Balance, December 31, 2002	19,006,284	12,670,825
Issued to WQM for properties, net of costs of \$25,639	6,650,000	7,289,361
Common shares, net of costs of \$27,154	7,000,000	7,672,846
Flow through shares, net of costs of \$232,920	3,503,333	3,971,080
Balance, December 31, 2003	36,159,617	\$ 31,604,112

6. CONTRIBUTED SURPLUS

In 1999, the Company issued 4,266,100 warrants for \$85,322 which expired in June 2001. Accordingly, the amount attributed thereto was transferred to contributed surplus in 2001.

7. STOCK OPTION PLAN

The Company has a stock option plan (the "Plan") under 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.

As of December 31, 2003 no options have been granted under the Plan. In January 2004, the Company granted 820,000 options to acquire shares of the Company at \$1.30 per share, expiring in January 2009.

Expiry Date	Exercise Price	Number of common shares			
		Opening Balance	Issued	Exercised	Closing Balance
December 29, 2004	\$1.40	-	3,500,000	-	3,500,000
December 30, 2004	\$1.40	-	1,751,667	-	1,751,667
December 30, 2004	\$1.40	-	175,166	-	175,166
		-	5,426,833	-	5,426,833

9. INCOME TAXES

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

	2003	2002
Net loss reflected in consolidated statements of operations	\$ 115,331	\$ 99,169
Expected income tax recovery	\$ 42,000	\$ 38,000
Non-deductible expense	(11,000)	(10,000)
Non-capital losses not recognized	(31,000)	(28,000)
Income taxes	\$ -	\$ -

The following table reflects future income tax assets at December 31, 2003 and 2002.

	2003	2002
Future income tax assets		
Unclaimed non-capital losses	\$ 289,000	\$ 189,000
Unclaimed financing costs	137,000	64,000
Book value in excess of tax value of exploration properties	(257,000)	(225,000)
	169,000	28,000
Less valuation allowance	169,000	28,000
	\$ -	\$ -

At December 31, 2003, the Company had unclaimed capital cost, exploration and development expenditures of \$21,900,000, unclaimed financing costs of \$375,000 and non-capital losses of \$790,000 which are available to reduce future taxable income. The non-capital losses will expire as follows: 2006 - \$40,000; 2007 - \$200,000, 2008 - \$175,000, 2009 - \$175,000 and 2010 - \$200,000.

Flow-through

During 2003, common shares issued for cash include 3,503,333 common shares issued on a flow-through basis. Under the terms of the flow-through agreement, the Company is required to expend \$4,204,000 on qualifying exploration expenditures prior to December 31, 2004. As at December 31, 2003 the Company had spent \$nil.

8. WARRANTS

On December 29, 2003, Wesdome sold 7,000,000 units at a price of \$1.10 per unit for proceeds of \$7,700,000. Each unit consists of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$1.40 per share until December 29, 2004.

On December 30, 2003, Wesdome sold 3,503,333 flow-through units at a price of \$1.20 per unit for proceeds of \$4,204,000. Each flow-through unit consists of one "flow-through" common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at a price of \$1.40 per share until December 30, 2004.

In connection with the flow-through private placement, Wesdome issued broker warrants to purchase 175,166 common shares at a price of \$1.40 per share until December 30, 2004.

The following table reflects the continuity of warrants for the year ended December 31, 2003.

Expiry Date	Exercise Price	Number of common shares			
		Opening Balance	Issued	Exercised	Closing Balance
December 29, 2004	\$1.40	-	3,500,000	-	3,500,000
December 30, 2004	\$1.40	-	1,751,667	-	1,751,667
December 30, 2004	\$1.40	-	175,166	-	175,166
		-	5,426,833	-	5,426,833

10. LOSS PER COMMON SHARE

The basic and diluted loss per common share is based on a weighted average number of shares outstanding of 19,228,768 for 2003 and 18,712,585 for 2002. The effect of common share purchase options and warrants on the net loss in 2003 and 2002 is not reflected as to do so would be anti-dilutive.

11. 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 Company's 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 2003 and 2002 amounted to \$6,554 and \$5,572, respectively, all of which were charged to exploration expenditures.

The advances from WQM are non-interest bearing and due on demand.

Acquisition of exploration properties from WQM is disclosed in Note 4.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, term deposits, receivables, payables and advances. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Company estimates that the fair value of these financial instruments approximate the carrying values.

13. ENVIRONMENTAL RISKS

Wesdome is committed to a program of environmental protection at its development projects and exploration sites. Wesdome was in compliance with government regulations in 2003. Although the ultimate amount of reclamation and closure costs is uncertain, the Company estimates its future closure costs for the Kienna mine and mill are estimated to be about \$0.7 million. The Company has provided letters of credit to be held against these future environmental obligations.

**WESDOME
PROJECT AREA**

SISCOE MINE

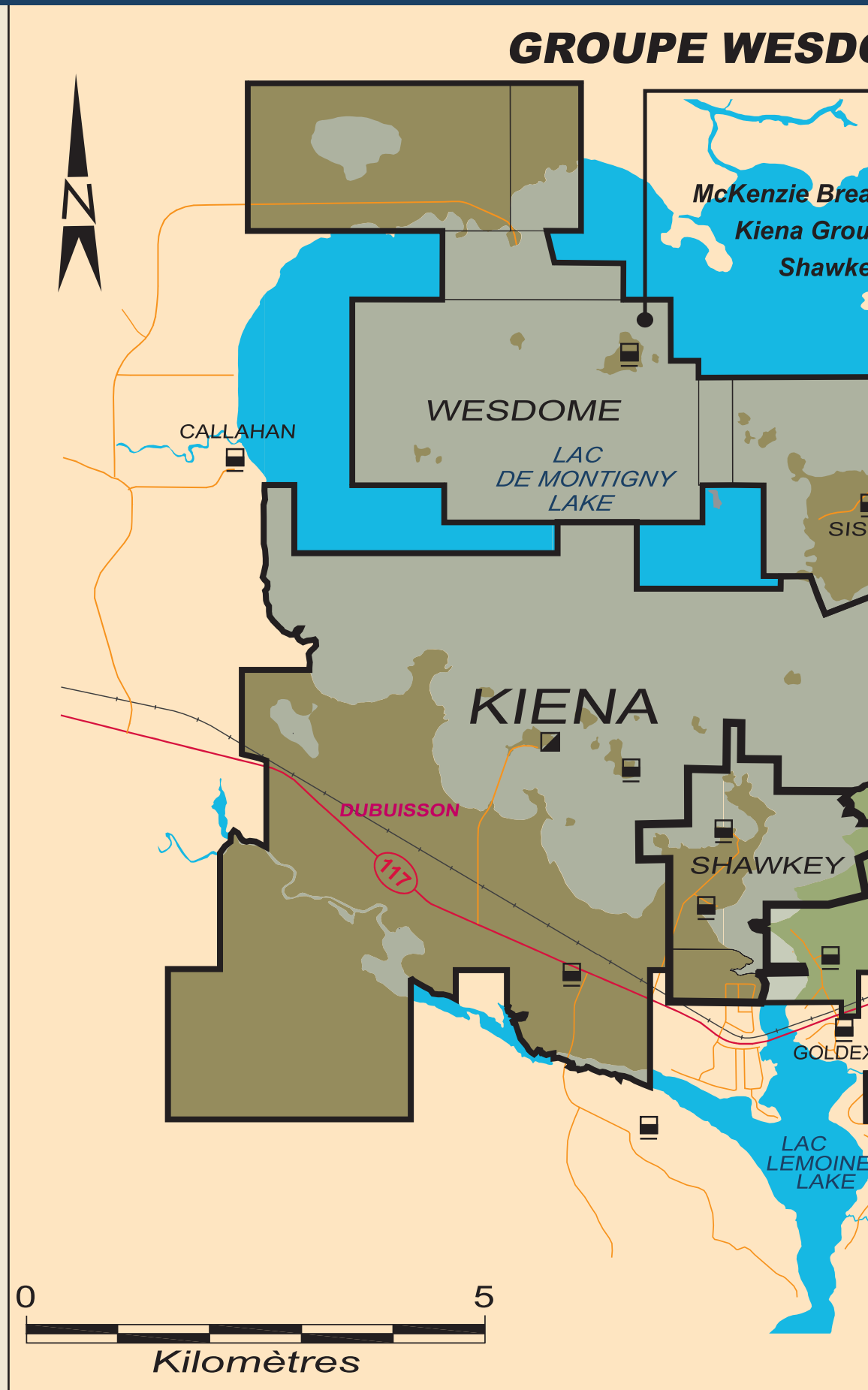


*Kiena complex
looking north
towards the
Wesdome and
Siscoe properties.*



*Drilling on the ice,
2003 southeast of
the Kiena Shaft.*

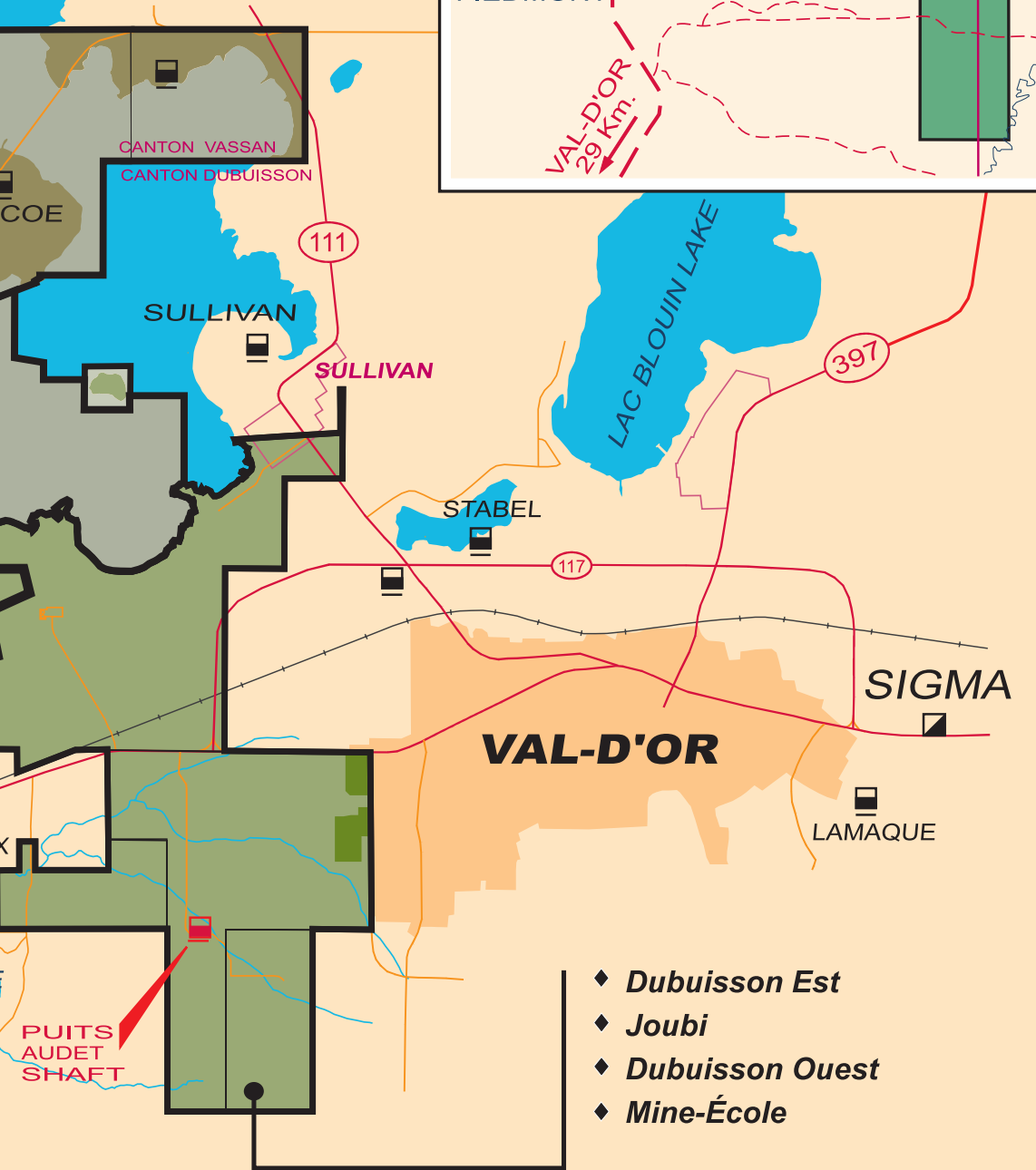
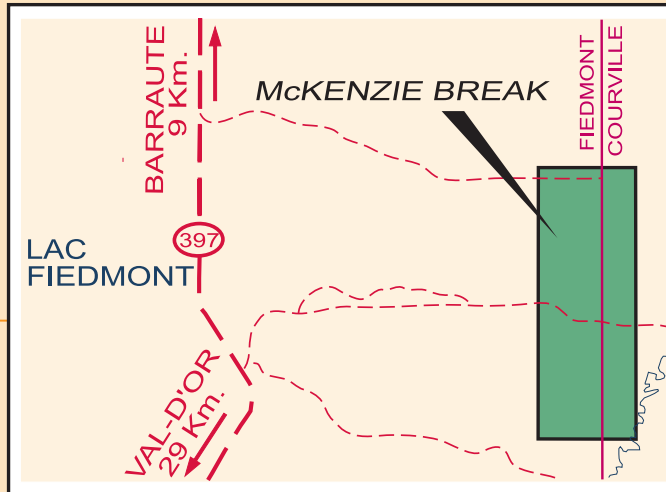
Property map



Carte des propriétés

HOME GROUP

- ◆ Lamothe
- ◆ Claims Vassan
- ◆ Yankee Clipper
- ◆ Wesdome
- ◆ Callahan
- ◆ siscoe
- ◆ Siscoe Extension



- ◆ Dubuisson Est
- ◆ Joubi
- ◆ Dubuisson Ouest
- ◆ Mine-École

GROUPE WESTERN QUÉBEC GROUP