WESDOME

WESDOME GOLD MINES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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Wesdome Gold Mines Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	As at March 31, 2020	As at December 31, 2019
Assets			
Current			
Cash and cash equivalents		**$ 49,398**	$ 35,657
Receivables and prepaids	**4**	**1,897**	1,996
Sales tax receivable		**3,538**	3,344
Inventories	**5**	**11,321**	19,667
Total current assets		**66,154**	60,664
Restricted cash	**6**	**657**	657
Deferred financing cost	**10**	**952**	988
Mineral properties, plant and equipment	**7**	**118,272**	116,765
Exploration properties	**8**	**115,798**	106,644
Total assets		**$ 301,833**	$ 285,718
Liabilities			
Current			
Borrowings	**10**	**$ -**	$ 3,636
Payables and accruals	**9**	**21,289**	19,219
Income and mining tax payable		**2,367**	1,419
Current portion of lease liabilities	**10**	**4,527**	3,781
Total current liabilities		**28,183**	28,055
Lease liabilities	**10**	**6,258**	5,889
Deferred income and mining tax liabilities		**27,329**	23,829
Decommissioning provisions	**11**	**20,962**	21,443
Total liabilities		**82,732**	79,216
Equity			
Equity attributable to owners of the Company			
Capital stock	**12**	**176,372**	174,789
Contributed surplus		**5,093**	5,590
Retained earnings		**37,636**	26,123
Total equity attributable to owners of the Company		**219,101**	206,502
		$ 301,833	$ 285,718

Commitment (Note 11)

On behalf of the Board:

/s/ Duncan Middlemiss — *Director*

/s/ Charles Main — *Director*

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.
Condensed Interim Consolidated Statements of Income and Comprehensive Income

(Unaudited, expressed in thousands of Canadian dollars except for per share amounts)

	Notes	Three Months Ended March 31, 2020	2019
Revenues	**15**	**$ 57,332**	$ 32,535
Cost of sales	**16**	**(37,590)**	(20,185)
Gross profit		**19,742**	12,350
Other expenses			
Corporate and general		**1,971**	2,008
Stock-based compensation	**13**	**404**	1,099
		2,375	3,107
Operating income		**17,367**	9,243
Quebec exploration credits refund		**-**	2,867
Interest expense	**17**	**(324)**	(112)
Accretion of decommissioning provisions	**11**	**(125)**	(115)
Interest and other income	**17**	**364**	294
Income before income and mining taxes		**17,282**	12,177
Income and mining tax expense			
Current		**2,270**	968
Deferred		**3,499**	3,117
		5,769	4,085
Net income and total comprehensive income		**$ 11,513**	$ 8,092
Earnings per share			
Basic	**14**	**$ 0.08**	$ 0.06
Diluted	**14**	**$ 0.08**	$ 0.06
Weighted average number of common shares (000s)			
Basic	**14**	**138,464**	135,788
Diluted	**14**	**142,024**	139,550

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited, expressed in thousands of Canadian dollars)

	Notes	Capital Stock	Contributed Surplus	Retained Earnings/ (Deficit)	Total Equity
Balance, December 31, 2018		$ 166,387	$ 5,777	$ (14,955)	$ 157,209
Net income for the year ended March 31, 2019		-	-	8,092	8,092
Exercise of options	13	1,902	-	-	1,902
Value attributed to options exercised		933	(933)	-	-
Value attributed to options expired		-	(59)	59	-
Value attributed to RSUs exercised	13	253	(253)	-	-
Stock-based compensation	13	-	1,099	-	1,099
Balance, March 31, 2019		$ 169,475	$ 5,631	$ (6,804)	$ 168,302
Balance, December 31, 2019		**$ 174,789**	**$ 5,590**	**$ 26,123**	**$ 206,502**
Net income for the year ended March 31, 2020		**-**	**-**	**11,513**	**11,513**
Exercise of options	13	**682**	**-**	**-**	**682**
Value attributed to options exercised		**324**	**(324)**	**-**	**-**
Value attributed to RSUs exercised	13	**577**	**(577)**	**-**	**-**
Stock-based compensation	13	**-**	**404**	**-**	**404**
Balance, March 31, 2020		**$ 176,372**	**$ 5,093**	**$ 37,636**	**$ 219,101**

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	Three Months Ended March 31, 2020	2019
Operating Activities			
Net income		**$ 11,513**	$ 8,092
Depreciation and depletion		**7,877**	3,909
Stock-based compensation	13	**404**	1,099
Accretion of decommissioning provisions	11	**125**	115
Deferred income and mining tax expense		**3,499**	3,117
Interest expense	17	**324**	112
Foreign exchange loss on lease financing		**351**	-
		24,093	16,444
Net changes in non-cash working capital	18	**10,656**	(3,863)
Mining tax paid		**(1,320)**	-
Net cash from operating activities		**33,429**	12,581
Financing Activities			
Exercise of options	13	**682**	1,902
Amortization of deferred financing cost		**32**	-
Repayment of borrowings	10	**(3,636)**	-
Repayment of lease liabilities		**(1,057)**	(1,255)
Interest paid	17	**(324)**	(112)
Net cash used in financing activities		**(4,303)**	535
Investing Activities			
Additions to mining properties		**(6,546)**	(6,217)
Additions to exploration properties		**(9,154)**	(5,538)
Net changes in non-cash working capital	18	**315**	(892)
Net cash used in investing activities		**(15,385)**	(12,647)
Increase in cash and cash equivalents		**13,741**	469
Cash and cash equivalents - beginning of year		**35,657**	27,378
Cash and cash equivalents - end of year		**$ 49,398**	$ 27,847
Cash and cash equivalents consist of:			
Cash		**$ 49,398**	$ 17,847
Term deposits		**-**	10,000
		$ 49,398	$ 27,847

1. DESCRIPTION OF BUSINESS

Wesdome Gold Mines Ltd. ("Wesdome" or the "Company") is a gold producer engaged in mining and related activities including exploration, extraction, processing and reclamation. The Company's principal assets include the Eagle River Mine, the Mishi Mine and the Eagle River Mill located near Wawa, Ontario, together called the "Eagle River Complex", the Moss Lake property in Thunder Bay, Ontario, and the Kiena Mining and Milling Complex ("Kiena Complex") and exploration properties located in Val D'Or, Quebec. The Company is a publicly traded company, continued under Part 1A of the Companies Act (Quebec) and its common shares are listed on the Toronto Stock Exchange (TSX: WDO). Wesdome's head office is located at 220 Bay Street, Suite 1200, Toronto, Ontario, Canada, M5J 2W4

Wesdome operations have been impacted by the outbreak of the COVID-19 pandemic. The Eagle River complex has reduced its operations, which will be in effect until the resumption of normal activities is deemed safe and appropriate. Non-essential related work, such as exploration, mine construction activities and the Mishi Open Pit operations have all been suspended in order to facilitate enhanced physical distancing to limit the potential spread of the COVID-19 virus. Production activities in the first quarter of 2020 thus far have not been impacted by the COVID-19 health and safety protocols established in mid-March. In accordance with the Government of Quebec's order to close non-essential services, the Company is temporarily suspending exploration and development activities at its Kiena Complex in Val d'Or, Quebec. A definitive restart date has not been provided by the Government, but May 11, 2020 is a possibility.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – "*Interim Financial Reporting*" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2019.

The preparation of condensed interim consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year. The critical judgments and estimates applied in the preparation of the Company's condensed interim consolidated financial statements are consistent with those applied to the Company's consolidated financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements are presented in Canadian dollars ("Cdn $"), which is also the functional currency of the Company.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 5, 2020.

3. ACCOUNTING PRONOUNCEMENTS

The Company has adopted the following new accounting pronouncements on January 1, 2020:

The following new standards, and amendments to standards and interpretations, are effective for the first time for the annual periods beginning on or after January 1, 2020 and have been applied in preparing these condensed interim consolidated financial statements:

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7)

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: These standards have been revised to incorporate amendments issued by the IASB in response to the ongoing reform of interest rate benchmarks around the world. The replacement of existing benchmarks with new risk-free rates over the next few years can have significant effects on hedge accounting. The amendments aim to provide relief for hedging relationships. The amendments provide temporary exceptions from applying certain hedge accounting requirements in IFRS 9 and IAS 39 to all hedging relationships directly affected by interest rate benchmark reform. Without these amendments, the uncertainty surrounding the replacement of benchmark rates could result in entities having to discontinue hedge accounting solely because of the reform’s effect on their ability to make forward-looking assessments. The amendments to IFRS 7 also provide specific disclosure requirements regarding uncertainty arising from interest rate benchmark reform. The adoption of these amendments did not have a material impact on the Company’s financial statements.

Definition of Material

The IASB has issued Definition of Material, amending IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to make it easier for entities to judge whether information is material for inclusion in the financial statements. The amendments:

- include in the definition of material guidance that was previously only featured elsewhere in IFRS
- improve the explanations that accompany the definition
- ensure the definition of material is consistent across all IFRS standards

The adoption of this amendment did not have a material impact on the Company’s financial statements.

New standards and interpretations not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4. RECEIVABLES AND PREPAIDS

	March 31, 2020	December 31, 2019
Vendor deposits	**$ 322**	$ 330
Prepayments to vendors	**-**	745
Gold sales Receivable	**143**	-
Prepaids and other	**1,432**	921
	$ 1,897	$ 1,996

5. INVENTORIES

	Notes	March 31, 2020	December 31, 2019
Gold in process	5(i), (ii)	**$ 6,907**	$ 6,871
Supplies		**2,674**	2,513
Ore stockpiles	5(iii)	**1,740**	10,283
		$ 11,321	$ 19,667

(i) Gold in process inventory consists of both gold doré and gold in process that are awaiting the completion of the final refining process into saleable gold, expected within one month of the financial statement date.

(ii) As at March 31, 2020, gold in process inventory includes Mishi inventory carried at NRV of $168,000 after a write-down of $35,000, and Eagle River inventory carried at cost of $6,739,000. Gold in process inventory includes Mishi inventory carried at NRV of $266,000 after a write-down of $299,000, and Eagle River inventory carried at cost of $6,605,000 as at December 31, 2019.

(iii) As at March 31, 2020, Eagle and Mishi stockpile inventories were carried at cost of $905,000 and $835,000, respectively. As at December 31, 2019, ore stockpile includes Mishi ore stockpile carried at cost of $316,000; and Eagle ore stockpile carried at cost of $9,967,000.

The amount of inventory recognized as an expense for the period ended March 31, 2020 is $21,799,000 (March 31, 2019: $18,423,000) and is included in cost of sales. (See Note 16).

6. RESTRICTED CASH

	March 31, 2020	December 31, 2019
Cash deposit related to a mine closure plan (Note 11)	**$ 27**	$ 27
Cash pledged to a bank related to a letter of credit	**630**	630
	$ 657	$ 657

7. MINING PROPERTIES, PLANT AND EQUIPMENT

	Company Owned Assets								Right-of-use assets				
	Mining properties			Plant & equipment					Plant & equipment				
	Eagle River Complex	Kiena Complex	Sub-total	Eagle River Complex	Kiena Complex	Corporate	Sub-total	Total	Eagle River Complex	Kiena Complex	Corporate	Total	Grand total
Gross Carrying Amount													
Balance, December 31, 2018	$ 134,761	$ 35,201	$ 169,962	$ 28,276	$ 530	$ 111	$ 28,917	$ 198,879	$ -	$ -	$ -	$ -	$ 198,879
Additions under adoption of IFRS 16	-	-	-	(16,752)	-	-	(16,752)	(16,752)	16,752	152	787	17,691	939
Termination of lease arrangements	-	-	-	13,432	-	-	13,432	13,432	(13,432)	-	-	(13,432)	-
Additions	42,083	-	42,083	837	32	-	869	42,952	7,890	-	-	7,890	50,842
Write-down of equipment	-	-	-	(163)	-	-	(163)	(163)	(229)	-	-	(229)	(392)
Disposals	-	-	-	(456)	-	-	(456)	(456)	-	-	-	-	(456)
Balance, December 31, 2019	$ 176,844	$ 35,201	$ 212,045	$ 25,174	$ 562	$ 111	$ 25,847	$ 237,892	$ 10,981	$ 152	$ 787	$ 11,920	$ 249,812
Additions	**5,656**	**-**	**5,656**	**229**	**55**	**-**	**284**	**5,940**	**1,825**	**-**	**-**	**1,825**	**7,765**
Balance, March 31, 2020	**$ 182,500**	**$ 35,201**	**$ 217,701**	**$ 25,403**	**$ 617**	**$ 111**	**$ 26,131**	**$ 243,832**	**$ 12,806**	**$ 152**	**$ 787**	**$ 13,745**	**$ 257,577**
Accumulated Depletion and write-downs													
Balance, December 31, 2018	$ 60,298	$ 35,201	$ 95,499	$ 13,273	$ 440	$ 24	$ 13,737	$ 109,236	$ -	$ -	$ -	$ -	$ 109,236
Depletion under adoption of IFRS 16	-	-	-	(4,823)	-	-	(4,823)	(4,823)	4,823	-	-	4,823	-
Termination of lease arrangements				6,498			6,498	6,498	(6,498)			(6,498)	-
Depletion	19,625	-	19,625	3,180	1	22	3,203	22,828	1,239	51	239	1,529	24,357
Write-down of equipment	-	-	-	(84)	-	-	(84)	(84)	(61)	-	-	(61)	(145)
Accumulated depletion on disposals	-	-	-	(401)	-	-	(401)	(401)	-	-	-	-	(401)
Balance, December 31, 2019	$ 79,923	$ 35,201	$ 115,124	$ 17,643	$ 441	$ 46	$ 18,130	$ 133,254	$ (497)	$ 51	$ 239	$ (207)	$ 133,047
Depletion	**3,936**	**-**	**3,936**	**1,733**	**2**	**-**	**1,735**	**5,671**	**530**	**11**	**46**	**587**	**6,258**
Balance, March 31, 2020	**$ 83,859**	**$ 35,201**	**$ 119,060**	**$ 19,376**	**$ 443**	**$ 46**	**$ 19,865**	**$ 138,925**	**$ 33**	**$ 62**	**$ 285**	**$ 380**	**$ 139,305**
Net carrying amount,													
December 31, 2019	$ 96,921	$ -	$ 96,921	$ 7,531	$ 121	$ 65	$ 7,717	$ 104,638	$ 11,478	$ 101	$ 548	$ 12,127	$ 116,765
March 31, 2020	**$ 98,641**	**$ -**	**$ 98,641**	**$ 6,027**	**$ 174**	**$ 65**	**$ 6,266**	**$ 104,907**	**$ 12,773**	**$ 90**	**$ 502**	**$ 13,365**	**$ 118,272**

(i) Eagle River Complex

The Eagle River Complex consists of the Eagle River Mine, the Mishi Mine and the Eagle River Mill and all related infrastructure and equipment.

The Eagle River Mine is subject to a 2% net smelter return royalty.

(ii) Kiena Mine Complex

The Kiena Mine Complex consists of the Kiena Mine concession, Kiena Mill, related infrastructure and equipment and land position in the Township of Dubuisson, Quebec.

The Kiena Mine is not subject to any underlying royalties.

8. EXPLORATION PROPERTIES

	Kiena Group	Moss Lake Group	Mishi/Eagle Group	Total
Balance, December 31, 2018	$ 59,186	$ 10,149	$ 12,089	$ 81,424
Exploration expenditures	25,141	79	-	25,220
Balance, December 31, 2019	84,327	10,228	12,089	106,644
Exploration expenditures	**9,148**	**6**	**-**	**9,154**
Balance, March 31, 2020	**$ 93,475**	**$ 10,234**	**$ 12,089**	**$ 115,798**

9. PAYABLES AND ACCRUALS

	March 31, 2020	December 31, 2019
Trade payables and accrued liabilities	**$ 15,298**	$ 14,050
Employee related payables	**5,068**	4,458
Royalties payable	**923**	711
	$ 21,289	$ 19,219

10. LEASE LIABILITIES

Future minimum payments under lease obligations are as follows:

	March 31, 2020	December 31, 2019
No later than one year	**$ 4,990**	$ 4,191
Later than one year and no later than five	**6,514**	6,164
Total minimum lease payments	**11,504**	10,355
Less: Interest portion at the weighted interest rate of 5.15% (2019: 5.15%)	**719**	685
Total lease labilities, secured by equipment	**10,785**	9,670
Less: Current portion	**4,527**	3,781
Long-term portion	**$ 6,258**	$ 5,889

Secured Credit Facility and Lease Facilities

During Q1 2020, the Company was in compliance with the financial covenants stipulated under its $45.0 million senior secured revolving credit facility (“NBF Facility”), led by National Bank Financial Inc. (“NBF”). The NBF Facility, which will be used for general corporate and working capital purposes, is secured by all of the Company’s present and future real and personal property. The NBF Facility is available by way of (i) Canadian dollar Prime Rate or U.S. dollar Base Rate, with interest rates ranging from 2.5% to 3.5% over NBF’s Prime Rate or Base Rate, as applicable, (ii) Canadian dollar Bankers’ Acceptances at acceptance fees ranging from 3.5% to 4.5%, and (iii) U.S. dollar LIBOR with interest rates ranging from 3.5% to 4.5% over LIBOR. The actual spread or rate will be determined based on the Company’s net leverage ratio (as defined). The NBF Facility is also available for letters of credit.;

On closing, the Company drew down $4,358,000 under the NBF Facility, of which $3,952,000 was used to repay in full the amounts owed under the Company’s $36,000,000 credit facility. As at March 31, 2020, the Company incurred $1,111,000 in fees and expenses related to the NBF Facility. As at the December 31, 2019, $3,636,000 was drawn under the credit facility which was repaid in the first quarter of 2020.

In 2018, the Company established a $3,400,000 lease facility with a Canadian bank. At July 3, 2019, the facility was increased to $9,900,000, of which $9,500,000 was drawn to date. The Company also established a US$4,500,000 equipment leasing facility with a U.S. based leasing company, of which US$3,500,000 (CDN$5,000,000) was drawn to date and are included in Lease Liabilities as at March 31, 2020.

11. DECOMMISSIONING PROVISIONS

The Company is committed to a program of environmental protection at its mines, development projects and exploration sites which are subject to various federal and provincial laws and regulations. The Eagle River and Mishi ores and waste rocks are not acid generating which minimizes the environmental risks of mining. The Magnacon Mine, which is located next to the Eagle River Mill, and the Kiena Complex are both under care and maintenance.

The Company has recorded the decommissioning costs at its active and dormant mine sites on the basis of management's best estimates of future costs to settle the obligations on the closing date, based on information available on the reporting date. Although the ultimate amount of decommissioning costs is uncertain, the Company estimated its future decommissioning costs for the Eagle River Complex to be $17,227,000 which has been discounted over a period of five years using a discount rate of 3.63%; and the Kiena Mine Complex is $7,027,000 as at March 31, 2020. The Company has provided in aggregate $8,574,000 in financial assurances (Notes 11 (a) and 11 (b)) for these future environmental obligations.

The final closure plans, which were submitted during Q4 2019, for its Eagle River Complex to the Ontario Ministry of Energy, Northern Development and Mines ("MENDM") for approval are still being reviewed.

a) Change in decommissioning provisions

The following table presents the reconciliation of the aggregate carrying amount of the obligation associated with the retirement of mining properties:

	March 31, 2020	December 31, 2019
Balance, beginning of year	**$ 21,443**	$ 11,663
Accretion expense for the year	**125**	372
Change in provisions - Kiena	**-**	-
Changes to estimates, Eagle River Complex	**(606)**	9,408
	$ 20,962	$ 21,443

b) Reclamation bond

The Company currently has an agreement with a financial institution whereby the financial institution has issued surety bonds, on an unsecured basis to satisfy the Company's reclamation obligations for the Eagle River Complex. During Q1 2020, the financial institution has increased the surety bond for the Eagle River Complex by $8.0 million. As at March 31, 2020, the total reclamation bonds issued to government environmental agencies amounted to $16,600,000 (December 31, 2019 - $8,600,000).

12. CAPITAL STOCK

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

	Notes	Shares	Amount
Issued:			
Balance, December 31, 2018		135,023,764	$ 166,387
Exercise of options	13	2,767,540	7,974
Exercise of RSUs	13	129,133	253
Redemption of DSUs	13	72,016	175
Balance, December 31, 2019		137,992,453	174,789
Exercise of options	13	**261,738**	**1,006**
Exercise of RSUs	13	**190,541**	**577**
Balance, March 31, 2020		**138,444,732**	**$ 176,372**

13. STOCK-BASED COMPENSATION PLAN

Up until May 3, 2017, the Company had an equity settled common share purchase plan (the "Stock Option Plan") under which the Board of Directors may grant options to purchase common shares to directors, officers, employees and independent contractors of Wesdome and/or its affiliates (collectively, the "Service Providers"). The maximum aggregate number of common shares under option at any time pursuant to the Stock Option Plan was 10% of the issued and outstanding common shares at the time of the grant.

On May 3, 2017, the shareholders of the Company approved the 2017 Omnibus Plan pursuant to which it is able to issue share-based long-term incentives. All Service Providers are eligible to receive awards, as defined below, under the 2017 Omnibus Plan. The 2017 Omnibus Plan replaced the Company's existing Stock Option Plan which remains in effect, but no further options will be issued thereunder.

Under the 2017 Omnibus Plan, the maximum number of common shares issuable from treasury pursuant to awards shall not exceed 10% of the total outstanding common shares from time to time less the number of common shares issuable pursuant to all other security-based compensation arrangements of Wesdome (being the Stock Option Plan).

As at March 31, 2020, awards to purchase 8,544,203 common shares of Wesdome were available for grant under the Omnibus Plan.

The following table reflects the continuity of options granted for the three months ended March 31, 2020 and 2019.

	Three months ended March 31,			
	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**4,513,715**	**2.72**	6,688,249	2.02
Granted	**366,452**	**8.67**	984,923	5.28
Exercised	**(261,738)**	**2.61**	(1,149,750)	1.65
Expired/Forfeited	**-**	**-**	(115,250)	1.67
Outstanding, end of period	**4,618,429**	**3.20**	6,408,172	2.60

On March 13, 2020, the Company granted 366,452 stock options to its employees and officers, under its 2017 Omnibus Plan. All stock options granted have a three-year vesting term commencing on the anniversary date of the issue.

The weighted average share price at the date of exercise for stock options exercised during the three months ended March 31, 2020 and 2019 was $8.98 and $4.68, respectively.

The following table outlines share options outstanding at March 31, 2020:

	Outstanding Options			Exercisable Options	
Range of exercise prices	Number outstanding	Weighted average remaining life (years)	Weighted average exercise price $	Number exercisable	Weighted average exercise price $
$1.02 - $1.67	760,000	1.16	1.48	760,000	1.48
$1.68 - $1.98	1,328,370	2.53	1.91	999,257	1.89
$1.99 - $2.85	837,000	1.81	2.45	737,000	2.46
$2.86 - $4.45	586,684	2.13	3.37	461,422	3.39
$4.46 - $8.67	1,106,375	4.25	6.40	334,924	5.28
	4,618,429	2.53	3.20	3,292,603	2.48

The following table reflects the continuity of RSUs granted for the three months ended March 31, 2020 and 2019.

	Three months ended March 31, 2020		2019	
	Number of RSUs	Weighted average of exercised RSUs	Number of RSUs	Weighted average
		$		$
Outstanding, beginning of period	**444,349**	**-**	387,399	-
Granted	**89,399**	**-**	186,083	-
Exercised	**(190,541)**	**6.97**	(129,133)	4.70
Outstanding, end of period	**343,207**	**-**	444,349	-

On March 13, 2020, the Company granted 89,399 RSUs to its employees and officers, under its 2017 Omnibus Plan. The RSUs granted have a three-year vesting term with the first tranche vesting on March 26, 2021.

The following table reflects the continuity of PSUs granted for the three months ended March 31, 2020 and 2019.

	Three months ended March 31, 2020		2019	
	Number of PSUs	Weighted average of exercised PSUs	Number of PSUs	Weighted average
		$		$
Outstanding, beginning of period	**-**	**-**	-	-
Granted	**89,399**	**-**	-	-
Exercised	**-**	**-**	-	-
Outstanding, end of period	**89,399**	**-**	-	-

On March 13, 2020, the Company granted 89,399 PSUs to its employees and officers, under its 2017 Omnibus Plan. The PSUs granted have cliff vesting terms contingent on continued employment at the end of the three-year performance period.

The following table reflects the continuity of DSUs granted for the three months ended March 31, 2020 and 2019.

	Three months ended March 31,			
	2020		2019	
	Number of DSUs	Weighted average exercise price $	Number of DSUs	Weighted average exercise price $
Outstanding, beginning of period	**249,472**	**-**	195,472	-
Granted	**-**	**-**	-	-
Redeemed	**-**	**-**	-	-
Outstanding, end of year	**249,472**	**-**	195,472	-

The fair value of the stock options, RSUs, PSUs and DSUs awarded to employees and officers that will eventually vest, determined as of the date of grant, is recognized as share-based compensation expense over the vesting period of the equity instruments, with a corresponding increase to contributed surplus. The fair value of stock options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant and the fair value of RSUs, PSUs and DSUs is the market value of the underlying shares as of the date of grant.

For the three months ended March 31, 2020 and 2019, grant date fair value estimates were based on the following variables:

	Three months ended March 31,	
	2020	2019
Weighted average fair value, per option ($)	**4.13**	2.02
Weighted average risk-free interest rate (%)	**0.65**	1.81
Weighted average volatility (%)	**55.85**	57.84
Expected life (years)	**3.0**	3.0
Forfeiture rate (%)	**9.7**	6.2

The fair value compensation and contributed surplus relating to stock options, RSUs, PSUs and DSUs for the three months ended March 31, 2020 was $404,000 (2019: $1,099,000).

14. EARNINGS PER SHARE

	Three Months Ended March 31, 2020	2019
Earnings available to common shareholders	**$ 11,513**	$ 8,092
Weighted average number of shares, basic (000s)	**138,464**	135,788
Dilutive securites – options (000s)	**3,560**	3,762
Weighted average number of shares, diluted (000s)	**142,024**	139,550
Basic earnings per share	**$ 0.08**	$ 0.06
Diluted earnings per share	**$ 0.08**	$ 0.06
Number of shares excluded from diluted earnings per share calculation due to anti-dilutive effect:		
Share base payments (000s)	**-**	1,171

15. REVENUES

	Three Months Ended March 31, 2020	2019
Revenues from mining operations		
Gold	**$ 57,295**	$ 32,507
Silver	**37**	28
	$ 57,332	$ 32,535

16. COST OF SALES

	Three Months Ended March 31, 2020	2019
Mining and processing		
Mining	**$ 10,477**	$ 9,688
Processing	**4,540**	3,878
Site administration and camp costs	**6,782**	4,857
Change in inventories [1]	**6,889**	(2,755)
	28,688	15,668
Royalties	**1,025**	608
Depletion and depreciation	**7,877**	3,909
	$ 37,590	$ 20,185

(1) Change in inventories		
Ore stock pile inventory	**$ 6,674**	$ (3,543)
Bullion and in-circuit inventory	**215**	788
	$ 6,889	$ (2,755)

17. INTEREST AND OTHER

a) Interest expense

	Notes	Three Months Ended March 31, 2020	2019
Interest on lease liabilities	10	**$ 135**	$ 112
Premium on reclamation bonds		**16**	-
Interest on secured credit facility		**173**	-
		$ 324	$ 112

b) Interest and other

	Three Months Ended March 31, 2020	2019
Insurance proceeds	**$ -**	$ 255
Interest income	**106**	-
Foreign exchange gain	**248**	-
Other income	**10**	39
	$ 364	$ 294

18. SUPPLEMENTAL CASH FLOW INFORMATION

	Notes	Three Months Ended March 31, 2020	2019
Net changes in non-cash working capital			
Operating activities			
Receivables and prepaids		**$ 929**	$ (2,026)
Payables and accruals		**731**	48
Mining and income tax payable		**2,268**	969
Gold in process and ore stockpiles		**6,889**	(2,757)
Supplies and other		**(161)**	(97)
		$ 10,656	$ (3,863)
Investing activities			
Receivables and prepaids		**$ (1,024)**	$ (493)
Payables and accruals		**1,339**	(399)
		$ 315	$ (892)
Non-cash transactions			
Change to decommissioning provisions	13	**$ (606)**	$ 90
Mining property assets acquired under finance leases		**1,825**	1,387
Assets under adoption of IFRS 16		**-**	939
		$ 1,219	$ 2,416

19. 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:

	At March 31, 2020		At December 31, 2019	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial Assets				
Cash and cash equivalents	**$ 49,398**	**$ 49,398**	$ 35,657	$ 35,657
Receivables	**923**	**923**	1,478	1,478
	$ 50,321	**$ 50,321**	$ 37,135	$ 37,135
Financial Liabilities				
Borrowings	**$ -**	**$ -**	$ 3,636	$ 3,636
Payables and accruals	**21,289**	**21,289**	19,219	19,219
Lease obligations	**10,785**	**10,785**	9,670	9,670
	$ 32,074	**$ 32,074**	$ 32,525	$ 32,525

The fair value of cash and cash equivalents, receivables 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).

Financial instrument and related risks

1) Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The market price movements that could adversely affect the value of the Company's financial assets and liabilities include commodity price risk, foreign currency exchange risk and interest rate risk.

(a) Commodity price risk

The Company's financial performance is closely linked to the price of gold which is impacted by world economic events that dictate the levels of supply and demand. The Company had no gold price hedge contracts in place as at or during the three months ended March 31, 2020 and 2019.

(b) Foreign currency exchange risk

The Company's revenue is exposed to changes in foreign exchange rates as the Company's primary product, gold, is priced in U.S. dollars. The Company had no forward exchange rate contracts in place and no foreign currency holdings as at or during the three months ended March 31, 2020 and 2019.

(c) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash has in the past included highly liquid investments that earn interest at market rates. Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

2) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company believes it has access to sufficient capital through internally generated cash flows and equity and debt capital markets. Executive management is also actively involved in the review and approval of planned expenditures.

The following table shows the timing of cash outflows relating to payables and accruals, finance leases and other financial obligations as at March 31, 2020:

	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables and accruals	$ 21,289	$ -	$ -	$ -
Mining and income tax liabilities	2,367	-	-	-
Lease liabilities	4,990	4,429	2,085	-
Purchase commitments [1]	4,441	-		-
Decommissioning liabilities	-	7,027		17,227
Total	$ 33,087	$ 11,456	$ 2,085	$ 17,227

[1] The Company anticipates of the $4,441,000 outstanding purchase commitments as at March 31, 2020 to finance $2,245,000 with finance leases.

3) Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company minimizes its credit risk by selling its gold exclusively to financial institutions. The Company's receivables consist primarily of government refunds and credits and advances to vendors on projects at the mine. The Company estimates its maximum exposure to be the carrying value of cash and cash equivalents and receivables.

The Company manages credit risk by maintaining bank accounts and term deposits with Schedule 1 Canadian banks. The Company's cash is not subject to any external limitations.