WESDOME GOLD MINES LTD.

2018 ANNUAL
MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with Wesdome Gold Mines Ltd.'s ("**Wesdome**" or the "**Company**") audited consolidated financial statements for the years ended December 31, 2018 and 2017, and their related notes ("**financial statements**") which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

All dollar amounts stated in this MD&A are denominated in thousands of Canadian dollars, except per share data and unless otherwise indicated. The discussion and analysis within this MD&A are effective as of February 21, 2019.

This document contains forward-looking statements and forward-looking information. Refer to the cautionary language under the section entitled "**Cautionary Statement on Forward-looking Statements**" in this MD&A.

The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	*Period*	*Abbreviation*	*Period*
Q4 2018	*October 1, 2018 – December 31, 2018*	**Q4 2017**	*October 1, 2017 – December 31, 2017*
Q3 2018	*July 1, 2018 – September 30, 2018*	**Q3 2017**	*July 1, 2017 – September 30, 2017*
Q2 2018	*April 1, 2018 – June 30, 2018*	**Q2 2017**	*April 1, 2017 – June 30, 2017*
Q1 2018	*January 1, 2018 – March 31, 2018*	**Q1 2017**	*January 1, 2017 – March 31, 2017*
FY 2018	*January 1, 2018 – December 31, 2018*	**FY 2017**	*January 1, 2017 – December 31, 2017*

NON-IFRS PERFORMANCE MEASURES

Wesdome uses non-IFRS performance measures throughout this MD&A as it believes that these generally accepted industry performance measures provide a useful indication of the Company's operational performance. These non-IFRS performance measures do not have standardized meanings defined by IFRS and may not be comparable to information in other gold producers' reports and filings. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The non-IFRS performance measures include - average realized price of gold sold; cash costs per ounce of gold sold; production costs per tonne milled; mine profit; all-in sustaining costs ("**AISC**"); free cash flow and operating and free cash flow per share; and net income (adjusted) and adjusted net earnings per share.

For further information and detailed reconciliations, refer to the section entitled "**Non-IFRS Performance Measures**" in this MD&A.

BUSINESS OVERVIEW

Wesdome is a public company existing under the laws of Ontario. The common shares of the Company are listed on the Toronto Stock Exchange ("**TSX**") under the symbol "**WDO**". The registered and principal office of the Company is located at 220 Bay Street, Suite 1200, Toronto, Ontario, M5J 2W4.

Wesdome has had over 30 years of continuous gold mining operations in Canada. The Company is 100% Canadian focused, with a pipeline of projects in various stages of development. The Eagle River Complex located close to Wawa, Ontario is currently producing gold from two mines, the Eagle River Underground Mine ("**Eagle River**") and the Mishi Open Pit ("**Mishi**"), from a central mill, with a milling capacity of approximately 1,000 tonnes per day ("**tpd**"). Wesdome is actively exploring its brownfields asset, the Kiena Mine ("**Kiena**") in Val d'Or, Québec. Kiena is a fully permitted former producing mine with a 930-metre ("**m**") shaft and 2,000-tpd mill. The Company has further upside at its Moss Lake gold deposit, located 100 kilometres ("**kms**") west of

Thunder Bay, Ontario.

Additional financial information relating to Wesdome, including the Company's Annual Information Form, can be found on the Company's website, www.wesdome.com, or on the SEDAR website, www.sedar.com

FY 2018 HIGHLIGHTS AND ACHIEVEMENTS

Operations and Financial Highlights	Comparison to FY 2017
Gold production of 71,625 ounces from the Eagle River Complex.	Production for the year increased by 21% as a result of an 11% improvement in ore grade in conjunction with an 18% increase in ore feed for the Eagle River underground mine.
Cash costs of $905 (US$699) per ounce of gold sold [1].	$1,097 (US$845) per ounce.
AISC [1] of $1,276 (US$985) per ounce.	$1,490 (US$1,148) per ounce.
Earned mine profit [1] of $52.1 million.	$31.5 million.
Operating cash flow of $46.3 million or $0.34 per share [1].	$27.2 million or $0.20 per share.
Free cash flow of $2.8 million or $0.02 per share [1].	Outflow of $12.1 million or $0.09 per share.
Net income attributable to shareholders and Adjusted net income[1] of $14.9 million or $0.11 per share.	Net income of $1.3 million or $0.01 per share. Adjusted net earnings of $6.8 million or $0.05 per share.

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

Exploration Highlights	Achievements
Eagle River	• Initial mining of the 300E Zone between the 864 and 844 metre level ("**m-level**") has continued to confirm the continuity of the strong grades and the geometry of the mineralized zone defined by drifts and the encompassing drill holes. The 303E Zone accounts for approximately 20% of the current mineral reserves and will continue to be the focus of mining development in 2019. • Ongoing development on 1038 m-level has now confirmed that mineralization east of the western core of the 7 Zone, have merged to form one zone now defined over 146 m in strike length and grading 30.5 g/t Au over an average true thickness of 2.61 m. Further, limited drilling indicates that the eastern extension of the 7 Zone occurs to the southeast side of a northeast transecting diabase dyke that is interpreted to offset the eastern extension approximately 20 m. Drilling is planned for this area in 2019. • A 20,000 m surface drilling program is planned for 2019 to identify new zones along strike and to the east of the 7 and 300 zones at upper levels of the mine that would have the potential to positively impact the gold production from the Eagle River underground mine. In addition, a fourth underground drill has been added to test this area at depth.
Kiena	• Drilling of the Kiena Deep A Zone is ongoing with 5 drill rigs. 2018 drilling from the exploration ramp has continued to intersect often multiple high grade lenses comprised of shear zone hosted quartz veins, including 177.3 g/t Au over 5.1 m core length (6.5 g/t Au cut, 5.1 m true width) in hole 6321 and 163.8 g/t Au over 3.0 m core length (13.1 g/t Au over 2.6 m true width) in hole 6338. • Following the continued success of the ongoing diamond drill program, the Company extended the current exploration platforms by a total of 504 m. • 2018 drilling of the A Zone has identified a well-defined, moderate plunge of approximately 45 degrees to the SE to the gold mineralization that occurs predominantly along the basalt – chlorite-carbonate schist boundary. It is now understood that the A Zone occurs along a connecting structure between the regional structure hosting the S50 and VC zones, respectively. Four drills are in operation on the 1050 m-level exploration ramp completing the infill and plunge extension drilling, and a 5th drill is now drilling at the 670 m elevation to test the interpreted up plunge extension of the A Zone towards the VC zone area. This up plunge extension is interpreted to be in excess of 425 m and would be in addition to the 500 m of plunge length already defined by drilling. A 50,000 m drill program is underway. This could significantly expand the potential resource base of the A Zone and will be the focus of drilling this year. • An interim resource estimate was completed on December 12, 2018 with total Indicated Resources stand at 574,300 ounces of gold corresponding to a total of 3.1 million tonnes ("**Mt**") at 5.84 g/t Au; Inferred Resources stand at 1,007,200 ounces of gold corresponding

	to a total of 4.1 Mt at 7.57 g/t Au; and the Exploration target for the Kiena Deep A Zones represents of a range of 300,000 t - 450,000 t grading between 8.0 and 11.0 g/t Au for 80,000-160,000 ounces of gold. Wesdome plans to update the mineral resource estimate at the Kiena gold deposit in the second half of this year.

GOLD MARKET OVERVIEW

The market price of gold is the primary driver of the Company's profitability. The market price of gold is affected by numerous macroeconomic factors including: the sale or purchase of gold by central banks and financial institutions, interest rates, exchange rates, inflation or deflation, global and regional supply and demand and the political and economic conditions of major gold-producing and gold consuming nations throughout the world.

In 2018, Wesdome realized an average gold price of $1,645 (US$1,270) per ounce as compared to $1,643 (US$1,265) per ounce realized in 2017. The market price for gold in 2018 averaged at US$1,268 per ounce (Canadian dollar equivalent of $1,644 per ounce (2017 - US$1,257 or Canadian dollar $1,632 per ounce)). The future gold price volatility is expected to be impacted by the uncertainty surrounding the US dollar's direction in 2019 deriving from rising U.S. interest rates, together with the geopolitical uncertainty persisted with increased tension over trade wars.

FOREIGN CURRENCY EXCHANGE RATE OVERVIEW

The Company's reporting and functional currency is the Canadian dollar ("**CAD**") as all its assets and operations are based in Canada. However, the Company's revenues, profitability and cash flows are exposed to the changes in the United States dollar ("**USD**") to Canadian dollar exchange rates as the Company's primary product, gold, is predominately traded in the US dollar. Wesdome had no forward exchange rate contracts in place and no significant foreign currency holdings during 2018 and as at December 31, 2018. Please see note 18 of the Company's financial statements for an analysis of Wesdome's exposure to the Canadian and US dollar exchange rate.

OUTLOOK

In Q2 2018, the Company revised its full-year 2018 production guidance from 62,000 – 68,000 ounces to 70,000 – 75,000 ounces of gold. The following table shows the tracking of Wesdome's performances to these revised guidelines:

	2018 Guidance	2018 Achieved	2019 Guidance
Gold production			
Eagle River	64,000 – 67,000 ounces	67,315 ounces	**69,000 – 76,000 ounces**
Mishi	6,000 – 8,000 ounces	4,310 ounces	**3,000 – 4,000 ounces**
	70,000 – 75,000 ounces	71,625 ounces	**72,000 – 80,000 ounces**
Head grade (g/t Au)			
Eagle River	11.3 – 11.7	11.7	**15.5 – 16.5**
Mishi	2.0 – 2.3	2.3	**2.0 – 2.4**
Cash cost per ounce [1]	$925 - $1,000 (US$720 – US$770)	$905 US$699	**$830 - $900** **(US$640 – US$690)**
AISC per ounce [1]	$1,350 - $1,425 (US$1,050 – US$1,100)	$1,276 US$985	**$1,280 - $1,350** **(US$985 – US$1,040)**

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

QUARTERLY FINANCIAL AND OPERATIONAL RESULTS

In 000s, except per units and per share amounts	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17
Financial results								
Revenues [3,4]	29,462	28,920	31,443	26,217	31,544	21,165	23,248	20,100
Mine operating profit [1]	12,495	13,898	14,957	10,774	11,606	7,921	5,883	6,127
Net income (loss)	2,643	3,631	5,725	2,859	(567)	296	863	695
Net income adjusted [1]	2,643	3,631	5,725	2,859	3,357	1,883	863	695
Operating cash flow	8,632	12,823	12,422	12,423	13,468	3,541	5,898	4,318
Free cash flow [1]	(4,491)	2,137	1,962	3,216	4,981	(6,517)	(4,619)	(5,942)
Per share information:								
Net earnings (loss)	0.02	0.03	0.04	0.02	0.00	0.00	0.01	0.01
Adjusted net earnings	0.02	0.03	0.04	0.02	0.03	0.01	0.01	0.01
Operating cash flow [1]	0.06	0.10	0.09	0.09	0.10	0.03	0.04	0.03
Free cash flow [1]	(0.03)	0.02	0.01	0.02	0.04	(0.04)	(0.03)	(0.04)
Selected Financial Statement data:								
Cash and cash equivalents	27,378	30,714	26,719	26,460	22,092	16,614	22,681	29,593
Working capital	11,312	14,982	14,521	12,742	12,944	12,934	17,815	20,514
Total assets	209,637	203,388	193,019	189,072	179,913	170,314	168,434	168,671
Total non-current liabilities	25,170	23,040	23,056	21,112	21,475	14,920	15,389	15,047
Operational results								
Milling (tonnes)								
Eagle River	50,536	46,777	43,378	44,480	39,291	44,421	34,960	38,578
Mishi	8,478	4,076	25,233	32,846	38,197	38,638	39,117	36,641
Throughput [2]	59,014	50,854	68,610	77,326	77,488	83,058	74,077	75,219
Total tonnes/calendar day	641	553	753	859	842	903	814	836
Head grades (g/t Au)								
Eagle River	10.6	13.3	11.0	12.0	11.3	9.7	9.8	11.5
Mishi	2.4	3.4	2.7	1.8	2.3	2.0	1.8	1.7
Recovery (%)								
Eagle River	97.0	96.9	96.2	95.4	94.3	96.1	96.3	95.3
Mishi	81.9	80.9	83.6	81.6	81.4	87.2	83.1	80.9
Production (ounces) [2]								
Eagle River	16,712	19,437	14,767	16,398	13,499	13,313	10,597	13,588
Mishi	542	358	1,860	1,550	2,298	2,181	1,932	1,574
Total gold produced	17,254	19,795	16,628	17,948	15,797	15,494	12,529	15,162
Gold sales (ounces)	18,077	18,401	18,573	15,430	19,351	13,069	13,030	12,320

In 000s, except per units and per share amounts	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17
Mishi								
Ore mined (tonnes)	15,477	9,092	21,699	44,036	42,447	36,916	50,634	40,237
Waste mined (tonnes)	93,676	100,391	78,974	109,130	70,273	95,978	136,719	159,854
Strip ratio	6.0	11.0	3.6	2.5	1.7	2.6	2.7	4.0
Stockpile balance (tonnes)	14,157	9,222	1,631	14,584	16,956	9,938	13,587	6,355
Per ounce of gold sold [1]								
Average realized price	1,628	1,571	1,692	1,698	1,618	1,619	1,715	1,631
Cash costs	937	815	886	999	1,019	1,013	1,264	1,134
Cash margin	691	756	806	699	599	606	451	497
AISC [1]	1,371	1,160	1,242	1,342	1,284	1,446	1,718	1,613
Production costs/tonne milled [1]	306	283	225	208	206	182	215	213
Average 1 USD → CAD exchange rates	1.3204	1.3070	1.2911	1.2647	1.2712	1.2528	1.3449	1.3236
Cost Metrics (in USD)								
Cash costs [1]	710	624	686	790	801	809	940	857
AISC [1]	1,038	888	962	1,061	1,010	1,154	1,277	1,219

1 Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.

2 Totals for tonnage and gold ounces information may not add due to rounding.

3 Revenues for all the quarters in FY 2018 and Q4 2017 includes insignificant amounts from the sale of by-product silver (nil for other periods).

4 Revenues in Q2 2017 and Q4 2016 include $0.9 million and $2.4 million, respectively in revenue generated from gold recovery from the clean up of the Kinea mill (nil for other periods).

5 Ore feed and grade from Eagle River Underground Mine increases In the past eight quarters with the corresponding decrease in throughput from the Mishi Pit. Wesdome's strategy is to increase the amount of underground tonnes mined, thereby displacing the open pit tonnes in order to substantially increase gold production.

ANNUAL FINANCIAL AND OPERATIONAL RESULTS

In thousands of Canadian dollars, except per share amounts and otherwise indicated	FY 2018	FY 2017	FY 2016
Financial Results			
Revenues	**116,042**	96,057	84,031
Mine operating profit [1]	**52,124**	31,537	22,293
Net income	**14,858**	1,287	7,786
Net income adjusted [1]	**14,858**	6,798	6,789
Operating cash flow	**46,300**	27,225	22,424
Free cash flow [1]	**2,824**	(12,097)	(6,125)
Per share information:			
Net earnings (loss)	**0.11**	0.01	0.06
Adjusted net earnings [1]	**0.11**	0.05	0.05
Operating cash flow [1]	**0.34**	0.20	0.18
Free cash flow [1]	**0.02**	(0.09)	(0.05)
Selected Financial Statement data:			
Cash and cash equivalents	**27,378**	22,092	26,760
Working capital	**11,312**	12,944	15,561
Total assets	**209,637**	179,913	162,914
Total non-current liabilities	**25,170**	21,475	14,703
Operating Results and Cost Metrics			
Gold produced (ounces)	**71,625**	58,980	47,737
Gold sold (ounces)	**70,480**	57,770	48,680
Cash cost per ounce of gold sold [1]			
Canadian dollar	**905**	1,097	1,218
US dollar	**699**	845	919
All-in sustaining cost per ounce of gold sold [1]			
Canadian dollar	**1,276**	1,490	1,681
US dollar	**985**	1,148	1,268

[1] Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.

Annual Operational Results

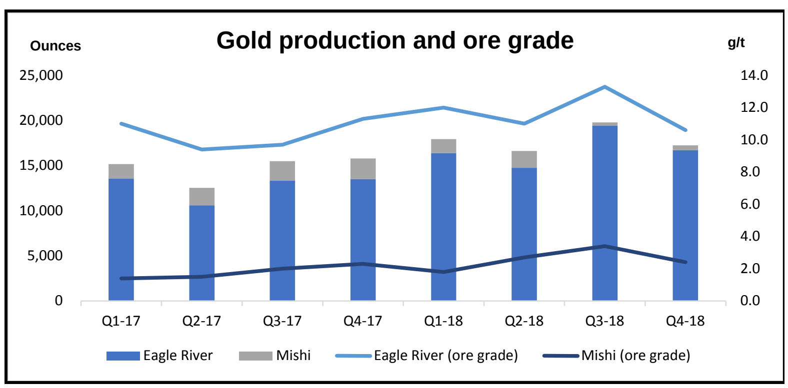
In $000s	FY 2018	FY 2017	Change	
Ore milled (tonnes)				
Eagle River	**185,171**	157,250	27,921	18%
Mishi	**70,633**	152,591	(81,958)	(54)%
Throughput	**255,804**	309,841	(54,037)	(17)%
Head Grade (g/t Au)				
Eagle River	**11.7**	10.6	1.1	11%
Mishi	**2.3**	2.0	0.3	15%
Recoveries (percent)				
Eagle River	**96.4**	95.0	1.4	1%
Mishi	**82.4**	83.0	(0.6)	(1)%
Gold production (ounces)				
Eagle River	**67,315**	50,996	16,319	32%
Mishi	**4,310**	7,985	(3,675)	(46)%
	71,625	58,980	12,644	21%
Gold Sold (ounces)	**70,480**	57,770	12,710	22%

1 Totals for tonnage and gold ounces information may not add due to rounding.

Production at Eagle River increased by 32% from 2017 to 67,315 ounces of gold, due to a 11% improvement in head grade and in conjunction with an 18% increase in ore feed in 2018.

Ore feed from The Eagle River underground mine in 2018 increased by 18% from 2017 to 185,171 t achieved for the year.

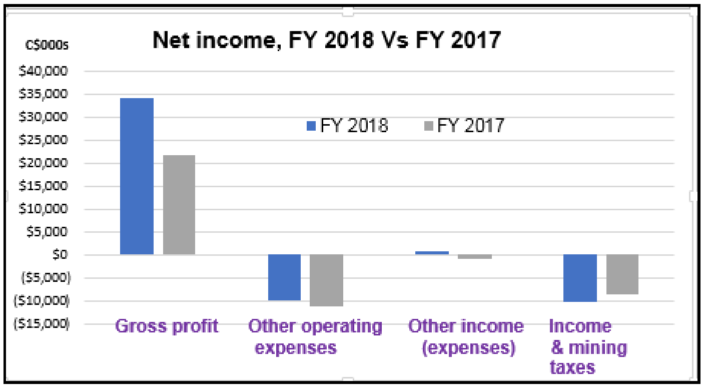
Head grade at Eagle River in 2018 averaged 11.7 g/t, which is in line with the reserve grade of 12.2 g/t for the mine; and is 11% higher than that achieved in 2017. The improvements in ore grade from 2017 are largely a function of stopes in all zones, 8 Zone, 7 Zone, and 300 Zone contributing more tonnes at higher grades than anticipated.



The contribution of ore feed from Mishi in 2018 reduced by 54% to 70,633 t from 152,591 t processed in 2017, as more selective mining is employed for purposes of improving ore grade. In 2018, the Mishi pit achieved a head grade of 2.3 g/t producing 4,310 ounces of gold as compared to a grade of 2.0 g/t in achieved in 2017, producing 7,985 ounces of gold.

As a result of the above, combined throughput in 2018 decreased by 17% from 2017 as Wesdome's strategy is to increase the amount of underground tonnes mined, thereby displacing the open pit tonnes in order to substantially increase gold production. The underground exploration and definition program at Eagle River are progressing as planned, with four underground drills fully manned, thereby giving encouragement to the addition of underground workplaces, which will ultimately result in increased production

Annual 2018 Financial Review



Net income attributable to shareholders for 2018 was $14.9 million or $0.11 per share basis as compared to net income of $1.3 million or $0.01 per share for 2017.

Adjusted net income[1] for 2018 was $14.9 million or $0.11 per share as compared to $6.8 million or $0.05 per share in 2017. Net income for 2017 was been significantly affected by: (i) a one-time adjustment on deferred mining taxes of $3.9 million and (ii) an one-time restructuring costs of $2.2 million resulted from the change in the Company's leadership team.

For a reconciliation of adjusted net income to net income as presented in the financial statements in accordance with IFRS, see *Non-IFRS Financial Performance Measures* in this MD&A.

In $000s	FY 2018	FY 2017	Change	
Revenues	**116,042**	96,057	19,985	21%
Costs and expenses				
Cost of sales	**81,930**	74,228	7,702	10%
Corporate and general	**5,259**	4,943	316	6%
Share-based payments	**2,614**	2,778	(164)	(6)%
Kiena care and maintenance	**1,695**	1,096	599	55%
Write-off of mining equipment	**290**	316	(26)	
	91,788	85,520	6,268	
Operating income	**24,254**	10,537	13,717	130%
Other income (expenses)	**726**	(739)	1,465	198%
Income before income and mining taxes	**24,980**	9,798	15,182	
Mining and income tax expense	**10,122**	8,511	1,611	19%
Net income	**14,858**	1,287	13,571	1054%
Operating cash flows	**46,300**	27,225	19,075	70%
Free cash flows [1]	**2,824**	(12,097)	14,921	123%

1 Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.

2 Gold revenue for FY 2017 includes $0.9 million of gold recovery realized from the Kiena mill clean up.

3 Other income (expenses) for FY 2018 includes a one-time receipt of $1.0 million rebate of 2017 electricity costs (see Other Income below).

Revenues

In $000s	Q4 2018	Q4 2017	Change		FY 2018	FY 2017	Change	
Revenues from operations								
Gold	**29,432**	31,319	(1,887)	(6)%	**115,934**	94,932	21,002	22%
Silver	**30**	225	(195)		**108**	225	(117)	
Kiena mill clean up	**-**	-	-		**-**	900	(900)	
	29,462	31,544	(2,082)	(7)%	**116,042**	96,057	19,985	21%

Wesdome generated $115.9 million in gold sales revenue in from the sale of 70,480 ounces of gold at an average realized price of $1,645 (US$1,270) per ounce; as compared to the sale of 57,770 ounces of gold at $1,643 (US$1,265) per ounce for revenue of $94.9 million in 2017. The 22% increase in sales revenues is the result of the increase in gold production.

Cost of Sales

In $000s	Q4 2018	Q4 2017	Change		FY 2018	FY 2017	Change	
Cost of Sales								
Mining and processing costs								
Mining	**8,484**	7,526	958		**33,914**	32,130	1,784	
Processing	**3,689**	3,581	108		**14,243**	14,089	154	
Site administration and camp costs	**5,325**	4,217	1,108		**17,701**	14,741	2,960	
Change in inventories [1]	**(1,060)**	4,190	(5,250)		**(4,089)**	1,045	(5,134)	
	16,438	19,514	(3,076)		**61,769**	62,005	(236)	
Royalties	**529**	424	105		**2,149**	1,615	534	
Depletion and depreciation	**5,195**	3,842	1,353		**18,012**	10,608	7,404	
	22,162	23,780	(1,618)	(7)%	**81,930**	74,228	7,702	10%

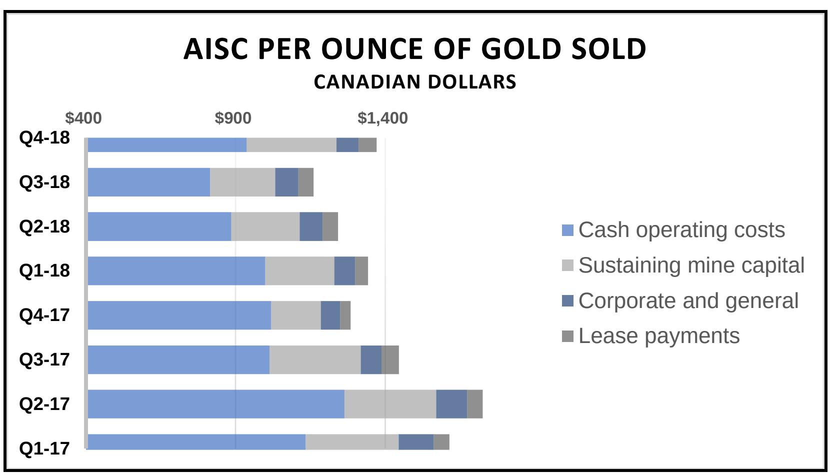
[1] See Note 19 of the Company's financial statements for a breakdown of stockpile and in-circuit inventory adjustments for the year ended December 31, 2018.

Cost of sales of $81.9 million in 2018 increased by $7.7 million mainly due to the increase in non-cash depletion and depreciation expense resulting from a larger depreciable asset base. Non-cash depletion and depreciation for 2018 increased by $7.4 million when compared to 2017 as a result of the increase in the asset base.

Mining and processing costs incurred in 2018, before inventory adjustments, of $65.9 million was 8% higher than 2017, despite the 17% lower throughput, was a function of: (i) higher mining costs due to more underground mining ore development and extraction; and (ii) higher site administration costs due to the improvements made to strengthen the technical and mine management team at site.

Cash cost and AISC per ounce of gold sold in 2018 were $905 (US$699) and $1,276 (US$985) per ounce; as compared to operating cost and AISC per ounce of gold sold in 2017 of $1,097 (US$845) and $1,490 (US$1,148), respectively.

The improvements in these cost metrics is a function of the increase in the number of ounces sold in the quarter (refer to the section entitled "non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements).



Corporate and general

Corporate and general expenditures in 2018 increased by 6% primarily due to increased corporate activities, with the implementation of the "fit for work" program; and the increase in technical and administrative staffs at the corporate level. The corporate and general expenditure level is expected to be between $1.5 and $1.7 million on a quarterly basis in 2019.

Share-based payments

During 2018, the Company granted 1,847,327 stock options and 387,399 Restricted Share Units ("**RSUs**") to its employees and officers under its 2017 Omnibus Equity Plan ("**Plan**"). Of the 1,847,327 stock options granted, 1,317,327 stock options have a three-year vesting term, with the first tranche vesting on March 26, 2019; and the remaining 530,000 stock options vested immediately. The RSUs have also a three-year vesting term with the first tranche vesting on March 26, 2019.

On June 11, 2018, the Company granted 195,472 Deferred Share Units ("**DSUs**") to its non-executive directors ("**Participants**") under the Plan valued at approximately $0.5 million. Under the Plan, as approved by the Company's shareholders on June 21, 2017, 75% of the directors' annual retainers are to be paid in share-based awards. Each DSU has the same value as one Wesdome common share. The DSUs may not be redeemed until the Participant has ceased to hold all offices, employment and directorships with Wesdome and all its affiliates. For the three months and year ended December 31, 2018, the compensation expense recognized under the plan was $0.3 million and $2.6 million, respectively.

Kiena Care and Maintenance Costs

Care and maintenance costs at Kiena in 2018 increased by $0.6 million when compared to the expenditure level in 2017 due to the increase in administrative support staff at site. On December 12, 2018, the Company reported a preliminary resource estimate for the Kiena Mine Complex (see Kiena Mine and Exploration Properties in this MD&A) and plans for the continue exploration of the properties in 2019. Accordingly, the Company will capitalize all expenditures related to the property as deferred exploration and evaluation expenditures.

Other income

In Q2 2018, the Company received a $1.0 million rebate in electricity costs incurred in 2017 under the Northern Industrial Electricity Rate ("**NIER**") program. This program is administered by the Province of Ontario Ministry of Northern Development and Mines, and incents industrial power users to conserve energy. The Company recorded this amount as other income as it pertains to the refund of electricity costs incurred in 2017. In 2018, the Company received a further $0.5 million in electricity cost rebate for 2018. This amount is recorded as a reduction of electricity costs incurred at the mine.

Litigation

In 2011, the Company paid $5.3 million in tax reassessments and interest made by Revenu Québec for exploration credits claimed in 2005 and 2006 relating to the Kiena exploration properties. The Company was successful in appealing the assessments for both years.

In April 2016, Revenu Québec appealed the decisions of the Court of Québec (the "**April 2016 Appeal**"), however it refunded $2.6 million of the reassessed amounts in July 2016. On March 28, 2018, the Company was successful in defending the April 2016 Appeal. On May 28, 2018, Revenue Québec had submitted an application for leave to appeal to the Supreme Court of Canada ("**Supreme Court**"), the decision made by the Québec Court of Appeal (the "**Supreme Court Appeal**"). On June 18, 2018, the Company received the refund of the remaining tax assessment payment plus interest accrued which amounted to $2.9 million.

The Kiena mining assets were written off after being placed on care and maintenance in 2013 and accordingly, the Company recorded as income in 2016 the $2.6 million refund it received during that year. The Company has recorded the $2.9 million it received in 2018 in payable and accruals. The Company will recognize this amount in income upon a successful outcome in the Supreme Court Appeal. In the event that the Company is unsuccessful in the outcome, it will have to repay the amount of $5.3 million plus accruing interest starting from the date of the cash receipts to Revenu Québec.

Tax Expense

In $000s	Q4 2018	Q4 2017	Change		FY 2018	FY 2017	Change	
Mining and income tax expense								
Current	**842**	571	271		**2,713**	722	1,991	
Deferred	**1,566**	5,269	(3,703)		**7,409**	7,789	(380)	
	2,408	5,840	(3,432)	(59)%	**10,122**	8,511	1,611	19%

The effective tax rate for 2018 was 40.5% as compared to 86.9% for 2017. In 2017, the Company recorded a $3.9 million one-time adjustment of deferred mining taxes as the tax pools associated with mining taxes are substantively depleted. After giving effect this adjustment, the effective tax for FY 2017 was 46.8%. The variance in the effective tax rate between FY 2018 and FY 2017 is due to the higher depreciation expense recorded in FY 2018. Wesdome is currently exposed to mining tax liability for any resource profits earned in Ontario or Québec. As at December 31, 2018, the Company recorded a current mining and income tax liability of $0.2 million.

FOURTH QUARTER REVIEW

Q4 2018 Prouction

In $000s	Q4 2018	Q4 2017	Change	
Ore milled (tonnes)				
Eagle River	**50,536**	39,291	11,245	29%
Mishi	**8,478**	39,197	(30,719)	(78)%
Throughput	**59,014**	78,488	(19,475)	(25)%
Head Grade (g/t Au)				
Eagle River	**10.6**	11.3	(0.7)	(6)%
Mishi	**2.4**	2.3	0.1	4%
Recoveries (percent)				
Eagle River	**97.0**	94.3	2.7	3%
Mishi	**81.9**	81.4	0.5	1%
Gold production (ounces)				
Eagle River	**16,712**	13,499	3,213	24%
Mishi	**542**	2,298	(1,756)	(76)%
	17,254	15,797	1,456	9%
Gold Sold (ounces)	**18,077**	19,351	(1,274)	(7)%

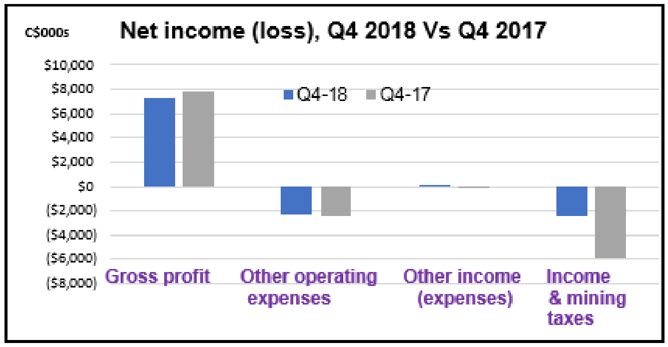
Gold production in Q4 2018 increased by 1,456 ounces compared to Q4 2017 as a result of 29% or 11,245 additional tonnes of Eagle ore processed at the mill versus Q4 2017. Mill availability was 79% in Q4 2018 reducing the Mishi ore processed in the quarter. Mishi feed was also affected by additional processing time required to mill Eagle higher grade ore.

Ounces of gold sold decreased by 7% in Q4 2018 when compared to Q4 2017, in line with the gold production in the quarter. The bullion and gold in circuit inventory at the end of 2018 was about 3,500 ounces of gold.

Financial Review, Q4 2018 as compared to Q4 2017

Net income and adjusted net income for the three months ended December 31, 2018 was $2.6 million or $0.02 per share compared to a net loss of $0.6 million or nil, on a per share basis, for the same period in 2017. Adjusted net income for the three months ended December 31, 2018 was $2.6 million or $0.02 per share compared to adjusted net income of $3.4 million or $0.03 per share for the same period in 2017.

For the three month period ended December 31, 2017, net loss was impacted by a one-time adjustment amounted of $3.9 million related deferred mining taxes. For a reconciliation of adjusted net income to net income as presented in the financial statements in accordance with IFRS, see *Non-IFRS Financial Performance Measures* in this MD&A.



In $000s	Q4 2018	Q4 2017	Change	
Revenues	**29,462**	31,544	(2,082)	(7)%
Costs and expenses				
Cost of sales	**22,162**	23,780	(1,618)	(7)%
Corporate and general	**1,337**	1,248	89	7%
Share-based payments	**349**	520	(171)	(33)%
Kiena care and maintenance	**565**	329	236	72%
Write-off of mining equipment	**-**	316	(316)	
	24,413	26,193	(1,780)	
Operating income	**5,049**	5,351	(302)	(6)%
Other income (expenses)	**2**	(78)	80	103%
Income before income and mining taxes	**5,051**	5,273	(222)	
Mining and income tax expense	**2,408**	5,840	(3,432)	(59)%
Net income	**2,643**	(567)	3,210	566%
Operating cash flows	**8,632**	13,468	(4,836)	(36)%
Free cash flows [1]	**(4,491)**	4,981	(9,472)	(190)%

[1] Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.

Revenue

Wesdome generated $29.5 million in revenue in Q4 2018 from the sale of 18,077 ounces of gold at an average realized price of $1,628 (US$1,233) per ounce; as compared to the sale of 19,351 ounces of gold at $1,618 (US$1,273) per ounce for revenue of $31.3 million in Q4 2017.

Cost of Sales

Cost of sales decreased by $1.6 million from $23.8 million in Q4 2017 to $22.2 million in Q4 2018. The decrease in cost of sales is mainly due to a $5.3 million variance on the valuation of stockpile and in-circuit inventories between the two periods; offset partially by: a $1.4 million increase in depreciation expense in 2018 due to the increase in depreciable asset base; (ii) a $1.7 million increase in site administration and camp costs due to the increase in technical staff and a change in site management personnel, in conjunction with increased costs resulting from the implementation of a new health and safety program. Ore stockpiled and in-circuit inventory at December 31, 2018 amounted to 17,629 t and 3,472 ounces of gold, respectively, as compared to 16,956 t and 2,427 ounces of gold, respectively at the end of 2017. Depreciation expense expected for 2019 is anticpated to increase from 2018 as a result of the continuing increase in depreciable asset base; as well as the decrease in reserve base.

Cash cost and AISC per ounce of gold sold in Q4 2018 were $937 (US$710) and $1,371 (US$1,038) per ounce; as compared to cash cost and AISC per ounce of gold sold in Q4 2017 of $1,019 (US$801) and $1,284 (US$1,010), respectively. The improvements in these cost metrics is a function of the increase in the number of ounces sold in 2018; and the inclusion of the by-product silver revenue in their calculations (refer to the section entitled "non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements).

Corporate and general

There were no significant variances in corporate and general expenses between Q4 2018 and Q4 2017.

Share based payments

The non-cash stock based expenses for Q4 2018 reduced slightly by $0.2 million when compared to Q4 2017 as stock options in the previous quarter were fully vested in the quarter.

Kiena Care and Maintenance Costs

Care and maintenance costs at Kiena for Q4 2018 increased by $0.2 million from Q4 2017 due to additional site administrative personnel.

Operating and Free Cash Flow

Operating cash flow for the quarter decreased by $4.2 million from $12.8 million to $8.6 million primarily as a result of: (i) a $2.5 million payment of Ontario mining taxes and (ii) a $1.4 million increase in operating costs at the Eagle River Complex due to the increase in technical servicing and camp costs. Free cash flow for Q4 2018 was an outflow of $4.5 million as compared to a free cash flow of $2.1 million in Q3 2018 and a free cashflow of $1.9 million in Q2 2018, the decrease in free cash flow is the function of the $4.2 million decrease in operating cash flow as discussed and a $2,0 million increase in sustaining capital due to the construction of the men dry at the Eagle River Complex.

EAGLE RIVER COMPLEX

The Eagle River Complex produced 71,625 ounces of gold in 2018 as compared to 58,980 ounces in 2017.

Eagle River Mill

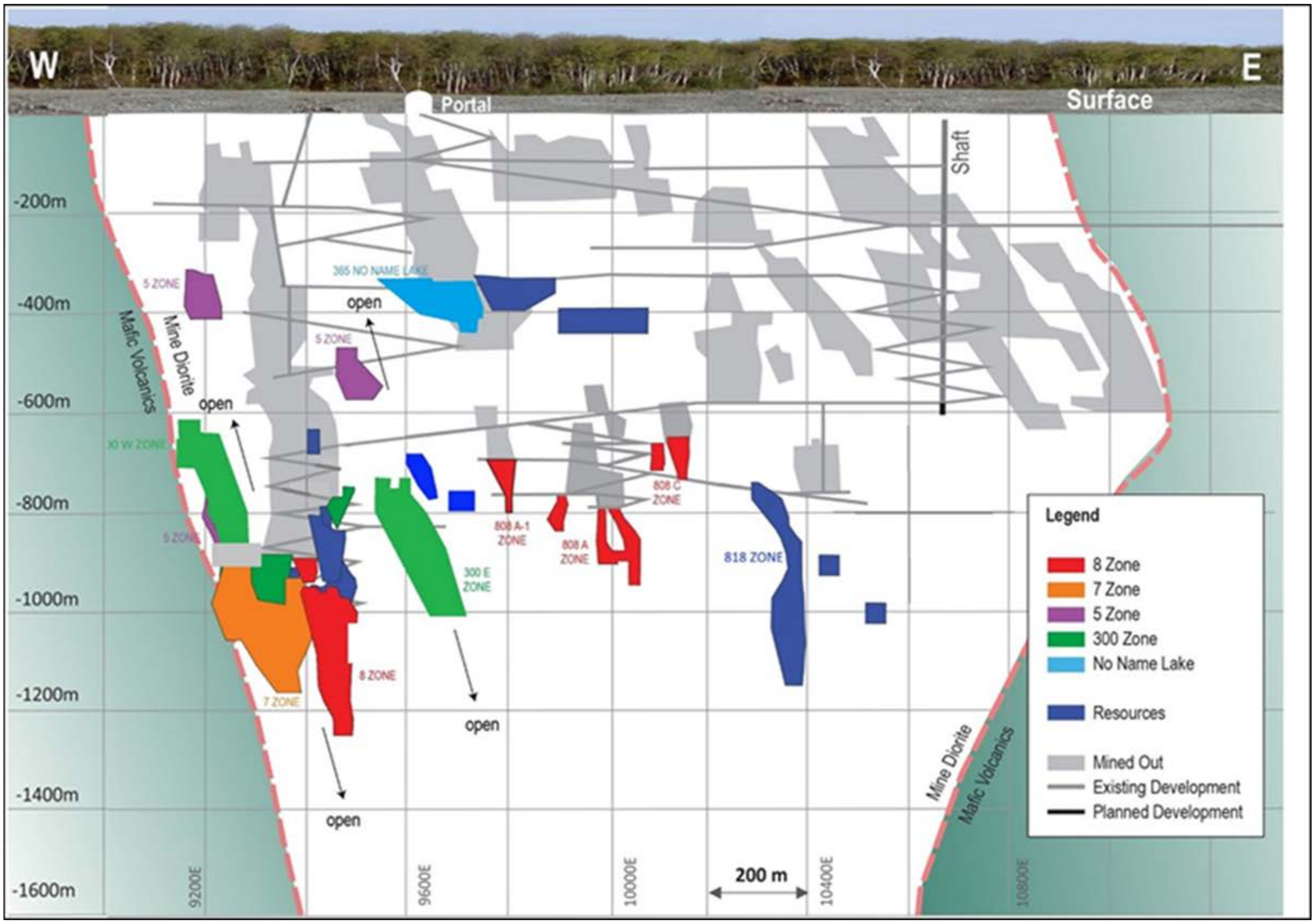
The Eagle River Mill ("**mill**") is located in close proximity to both the Eagle River and Mishi mines. It has a permitted capacity of 1,200 tpd. Availability at the mill in 2018 was 84% as compared to 95% in 2017. Additional maintenance work was performed throughout the year to keep the mill in good condition.

In 2018, the mill processed 225,804 t or 619 tpd of Eagle River and Mishi ore as compared to 309,841 t or 849 tpd in 2017. The lower throughput is mainly due to numerous plant shut downs experienced in 2018 and the higher retention time required for the higher grade Eagle ore. The shut down in the third quarter was for 31 days to repair the fine and the coarse ore bins and to install of the Delta V system (PLC controls); and for 7 days in the second quarter to facilitate water management at the beginning of the Spring seasonal discharge.

The mill recovery for Eagle ore was 96.4% and 82.4% for Mishi ore in 2018 as compared to 95.0% for the Eagle ore and 83.0% for the Mishi ore in 2017. The target for the mill is to process an average of 850 tpd with targeted recoveries of 96% for Eagle ore and 83% for Mishi ore.

Eagle River Underground Mine

Development and drilling



The 7 Zone was discovered in 2013 and accounts for 31% of the mine's reserve base at an average grade of 13.1 g/t Au. This zone, at higher elevations, is comprised of two mineralized areas along the zone that are separated by an area of lower grade mineralization. Ongoing development on 1038 m-level has now confirmed that mineralization east of the western core of the 7 zone, have merged to form one zone now defined over 146 m in strike length and grading 30.5 g/t Au over an average true thickness of 2.61 m.

Sill development over the past two years has returned the following results:

Level	Strike Length (m)	Width (m)	Grade Uncut (g/t Au)	Grade Cut* (g/t Au)	Release Date
890	42.0	1.5	33.2	16.8	May 31, 2016
945	63.0	3.3	22.6	17.1	September 15, 2016
975 E	46.0	1.5	13.4	13.4	November 30, 2017
975 W	53.0	2.6	24.4	22.2	November 30, 2017
975 Combined	99.0	2.1	20.7	19.2	November 30, 2017
991 E	48.0	1.6	32.6	30.0	November 30, 2017

Level	Strike Length (m)	Width (m)	Grade Uncut (g/t Au)	Grade Cut* (g/t Au)	Release Date
991 W	56.0	2.7	18.8	16.0	November 30, 2017
991 Combined	48.0	2.2	23.3	20.5	November 30, 2017
1006 E	51.7	1.7	33.8	29.7	March 27, 2018
1006 W	41.1	3.2	22.9	15.3	March 27, 2018
1006 Combined	92.8	2.3	27.4	21.2	March 27, 2018
1022 E	75.5	1.8	34.9	28.3	March 27, 2018
1022 W	47.3	2.7	10.3	10.3	March 27, 2018
1022 Combined	122.8	2.2	23.8	20.2	March 27, 2018
1038	146.7	2.6	30.5	22.1	December 6, 2018

*Assays cut to 125.0 g/t Au (average width rounded to one decimal place)

Additionally, ongoing drilling has now confirmed that this longer strike length extends to depth over an addition 100 m to the 1,250 m-level and remains open down dip. This extension is a substantial addition of potential resources compared to previous interpretations, and thus will be the focus of future drilling.

Highlights from drilling:

Hole 942-E-59:	151.4 g/t Au uncut	(61.7 g/t Au cut)	over 2.0 m true width
Hole 942-E-63:	47.3 g/t Au uncut	(18.7 g/t Au cut)	over 3.4 m true width
Hole 942-E-64:	39.0 g/t Au uncut	(23.6 g/t Au cut)	over 2.5 m true width
Hole 942-E-65:	33.2 g/t Au uncut	(26.1 g/t Au cut)	over 1.6 m true width

*grades cut to 125.0 g/t Au

Further, limited drilling indicates that the eastern extension of the 7 zone occurs to the southeast side of a northeast transecting diabase dyke that is interpreted to offset the eastern extension approximately 20 m. This area has potential to host additional resources and is open to the east. Drilling is planned for this area in 2019.

A fourth drill has been added underground to better define and extend known zones and to identify the eastern extension of the parallel 300 and 7 zones to the east. Exploration surface drilling with two drills is ongoing to intersect these parallel zones closer to surface.

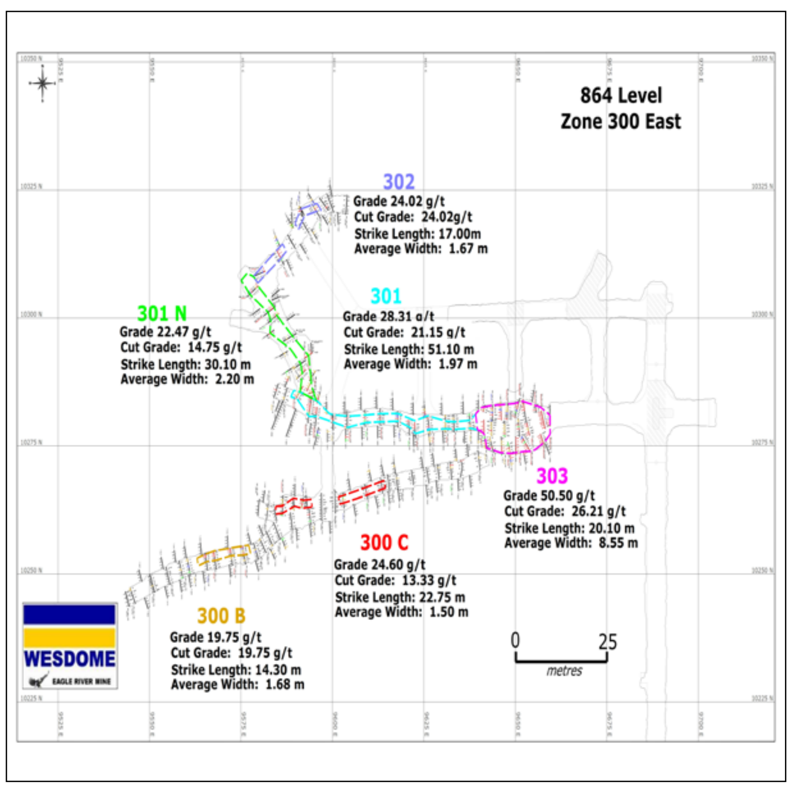
300 Zone

The 300 Zone accounts for 50% of the mine's reserve base at an average grade of 12.4 g/t Au.

The 300W Zone remains open to the west and up-plunge and drilling is ongoing. Drilling thus far has identified at least three steeply plunging zones between depths of 750 m and 1,000 m and the presence of these structures give rise to the possibility of additional zones of similar size and grade.

The 300E area consists of a series of tabular to pipe-like quartz vein systems with strong folding leading to impressive localized widths and high grades.

Subsequent development on the 844 and 864 m-level and initial mining of the



300E Zone has confirmed the continuity of the strong grades and the geometry of the mineralized zone between drifts and the encompassing drill holes.

Results from development on the following subzones on the 864 m-level are highlighted below:

Lens	Strike Length (m)	Average Width (m)	Grade Uncut (g/t Au)	Grade Cut*(g/t Au)	News Release Date
300A	9.7	1.5	6.0	6.0	May 31, 2017
300B	20.3	2.0	15.2	13.4	May 31, 2017
300B	14.3	1.7	19.8	19.8	June 11, 2018
300C	20.9	1.6	4.7	4.7	May 31, 2017
300C	22.8	1.5	24.6	13.3	June 11, 2018
301N	33.0	2.7	15.9	15.9	May 31, 2017
301N	30.1	2.2	22.5	14.8	June 11, 2018
301	54.8	2.0	52.0	31.9	May 31, 2017
301	51.1	2.0	28.3	21.2	June 11, 2018
302	13.5	2.6	12.8	10.3	May 31, 2017
302	17.0	1.7	24.0	24.0	June 11, 2018
303	21.5	8.2	50.7	29.7	May 31, 2017
303	20.1	8.6	50.5	26.2	June 11, 2018

*grades cut to 140.0 g/t Au (average width rounded to one decimal place)

The combined strike length of the subzones is 155.4 m with a weighted average width of 2.8 m, and cut and uncut gold grades of 19.6 g/t Au and 28.3 g/t Au, respectively. Production from this area is expected to continue throughout 2019.

In addition, initial exploration drilling completed down plunge of the 300E Zone has returned encouraging results including:

- 844-E-174: 12.5 g/t Au uncut (12.5 g/t Au cut) over 1.5 m
- 844-E-172 59.5 g/t Au uncut (65.2 g/t Au cut) over 1.5 m
- 844-E-170 9.2 g/t Au uncut (9.2 g/t Au cut) over 1.5 m

*grades cut to 140.0 g/t Au

The initial interpretation indicates that the mineralization intersected by drilling over 100 m away from the known 300E Zone could be another subzone of gold mineralization and will be subject of ongoing exploration. An exploration drift has been established on the 925 m-level in order to test this, and other areas, at the Eagle River Mine.

Other targets

General exploration is focused on drilling the parallel zones both up and down plunge and to the east, testing the theory that the parallel zones may continue across the mine, similar to the 8 Zone. New development is underway to provide drill platforms for the planned 51,000 m of exploration drilling and 43,000 m of definition drilling to better define and expand the current resource base at the high grade 303 East Zone up and down plunge, the 711 and 300 W Zone down plunge, and at various locations along the 8 Zone.

A 20,000 m surface drilling program is ongoing to identify new zones along strike and to the east of the 7 and 300 zones at upper levels of the mine that would have the potential to positively impact the gold production from the Eagle River underground mine. A fourth underground drill has been added to test this area at depth.

Mishi Mine

The Mishi Mine is an open pit mining operation located 2 km west of the Eagle River Mill. It consists of a series of tabular sericite-ankerite alteration zones which contain 10% smokey quartz veinlets and lenses. It strikes east-west, dipping 40 degrees north and follows a regional volcanic-sedimentary rock contact. The current open pit has a length of 400 m and a planned depth of 70 m.

A review of the mineral resources and reserves during 2018 has resulted in a significant decrease in mineral reserves at the Mishi Pit. Poor ore reconciliation on the lower benches, which in turn has increased the stripping ratio of waste to ore, thereby negatively affecting the pit economics. The Company focus is to maximize the throughput of the high grade underground ore. Current strategy for the corporation is to have production from the Wawa operations to be in the 100,000 ounces per annum range by focused exploration and development of the Eagle River Mine thereby generating higher margin tonnes.

Mineral Reserve and Resource Estimates at Eagle River and Mishi

The following tables summarize the Mineral Reserve and Mineral Resource estimates as at December 31, 2018. The Company was able to materially replace the 2018 mining depletion. Current Mineral Reserves at Eagle River as of December 31, 2018 are 404,000 ounces of gold from 1.05 Mt at an overall grade of 12.0 g/t Au; as compared to the Mineral Reserves as of December 31, 2017 of 1.1 Mt at a grade of 12.2 g/t Au containing 416,000 ounces of gold.

MINERAL RESERVES – EAGLE RIVER (see notes)		December 31, 2018			December 31, 2017		
		Tonnes (‘000s)	Grade (g/t Au)	Contained ounces	Tonnes (000s)	Grade (g/t Au)	Contained ounces
Eagle River	Proven	**188**	**14.7**	**89,000**	212	12.2	83,000
	Probable	**860**	**11.4**	**315,000**	847	12.2	333,000
	Proven + Probable	**1,048**	**12.0**	**404,000**	1,059	12.2	416,000

MINERAL RESERVES – MISHI (see notes)		December 31, 2018			December 31, 2016		
		Tonnes (‘000s)	Grade (g/t Au)	Contained ounces	Tonnes (000s)	Grade (g/t Au)	Contained ounces
MISHI	Proven	**14**	**2.2**	**1,000**	259	1.8	15,000
	Probable	**110**	**2.9**	**10,000**	1,361	2.0	87,000
	Proven + Probable	**124**	**2.8**	**11,000**	1,620	2.0	102,000

Note: Comparative information is as at December 31, 2016.

MINERAL RESOURCES (Exclusive of Mineral Reserves) (see notes)		December 31, 2018			December 31, 2017		
		Tonnes (000s)	Grade (g/t Au)	Contained ounces	Tonnes (000s)	Grade (g/t Au)	Contained ounces
EAGLE RIVER	Measured	**11**	**10.4**	**4,000**	-	-	-
	Indicated	**97**	**8.8**	**28,000**	51	7.3	12,000
	Measured + Indicated	**109**	**9.0**	**32,000**	51	7.3	12,000
	Inferred	**433**	**11.4**	**159,000**	334	8.0	85,000

MINERAL RESOURCES (Exclusive of Mineral Reserves) (see notes)		December 31, 2018			December 31, 2016		
		Tonnes (000s)	Grade (g/t Au)	Contained ounces	Tonnes (000s)	Grade (g/t Au)	Contained ounces
MISHI							
Open pit	Indicated	**-**	**-**	**-**	3,679	2.1	248,000
	Inferred	**2,808**	**1.6**	**147,000**	746	2.4	59,000
Underground	Indicated	**-**	**-**	**-**	567	9.2	82,000
	Inferred	**373**	**5.4**	**65,000**	437	7.8	81,000
MISHI TOTAL	Indicated	**-**	**-**	**-**	4,246	2.4	330,000
	Inferred	**3,182**	**2.1**	**212,000**	1,183	3.7	140,000

Note: Comparative information is as at December 31, 2016.

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

The following table provides a breakdown of Mineral Reserves and Resources at Eagle River by structure to illustrate the growing significance of these recent developments.

	December 31, 2018				December 31, 2017			
Structure	Tonnes (000s)	Grade (g/t Au)	Contained Ounces	Percent	Tonnes (000s)	Grade (g/t Au)	Contained Ounces	Percent
No.8	**135**	**11.1**	**48,000**	**12**	205	10.5	69,000	17
No. 300	**503**	**12.4**	**201,000**	**50**	514	13.4	222,000	53
No. 7	**300**	**13.1**	**126,000**	**31**	228	13.2	97,000	23
Other	**110**	**8.2**	**29,000**	**7**	112	7.8	28,000	7
TOTAL	**1,048**	**12.0**	**404,000**	**100**	1,059	12.2	416,000	100

1. Numbers reflect rounding to nearest 1,000 tonnes and ounces.
2. Mineral Resources are exclusive of reserves.
3. Mineral Resources are not in the current mine plan and therefore do not have demonstrated economic viability.
4. All Mineral Reserves and Mineral Resources estimates have been made in accordance with the Standards of the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101 and assume a gold price of $1,550 (US$1,200) per ounce for the reserves and a gold price of $1,700 (US$1,318) per ounce for the resources, with a $1 USD → CAD exchange rate of 1.29).
5. Mineral Resources are reported in-situ with no dilution provision.
6. A density or tonnage factor of 2.7 tonnes per cubic m (t/m^3) is applied at both Eagle River Mine and Mishi Mine.
7. At Eagle River Mine, all high assays are cut to either 60.0 – 140.0 g/t Au for individual zones.
8. All Mineral Reserves at Eagle River employ a 1.5 m minimum width, a 3.0 g/t Au minimum grade for continuity and include 1.0 m of external dilution and 10% lost ore and metallurgical recoveries of 95.5%.
9. At Mishi the 7 lenses considered in the Mineral Resource calculations are cut between 6.0 to 45.0 g/t Au. All high blasthole assays are cut to 10 g/t Au.
10. All In-Pit Mineral Reserves at Mishi employ a 1.0 g/t cut-off grade and a 3.0 m minimum width. Estimates provide for 10% dilution, 10% lost ore and metallurgical recoveries of 83%.
11. Mishi Mineral Reserves currently have a life of mine stripping ratio of 2.3 tonnes of waste per tonne of ore.
12. Mishi In-Pit Mineral Resources extend to a depth of 110.0 m, employing a 0.5 g/t cut-off grade, a 3.0 m minimum width and are reported in-situ with no dilution or lost ore provisions.
13. Mishi Underground Mineral Resources are reported in-situ employing a 3.0 g/t cut-off grade and a 1.5 m minimum mining width.
14. Qualified Persons for the Mineral Reserves and Mineral Resources estimates as per NI 43-101 include Marc-André Pelletier P. Eng, COO, and Michael Michaud, P.Geo., VP Exploration of Wesdome.

KIENA MINE AND EXPLORATION PROPERTIES

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

The Company updated the exploration potential and known resources for the entire property in the fourth quarter of 2018 on an interim basis and has filed an independent NI 43-101 report dated December 12, 2018 in January 2019. The mineral resource estimate includes drill data as of October 12, 2018. Since that time, ongoing underground exploration drilling has continued to return high grade results from the up and down plunge extensions of the Kiena Deep A Zone not currently in the mineral resource estimate.

HIGHLIGHTS OF MINERAL RESOURCE ESTIMATE – December 12, 2018

Table 1: A Zone Mineral Resource Estimate (Kiena Deep):

	Tonnes (000s)	Gold Grade (g/t Au) *	Gold Ounces
Measured	-	-	-
Indicated	310.3	9.95	99,300
Total M+I	**310.3**	**9.95**	**99,300**
Inferred	**656.1**	**11.43**	**241,100**

Table 2: Recently Drilled in-Mine Resource Estimate at Kiena Complex (A, B, South, VC and S50 Zones)

	Tonnes (000s)	Gold Grade (g/t Au) *	Gold Ounces
Measured	-	-	-
Indicated	1,028.9	6.38	211,100
Total M+I	**1,028.9**	**6.38**	**211,100**
Inferred	**968.9**	**9.23**	**287,400**

Table 3: Total Kiena Mine Complex Resource Estimate

	Tonnes (000s)	Gold Grade (g/t Au) *	Gold Ounces
Within Crown Pillar			
Measured	-	-	-
Indicated	162.8	5.32	27,900
Total M+I	**162.8**	**5.32**	**27,900**
Inferred	1,113.2	6.97	249,600
Below Crown Pillar			
Measured	63.7	4.06	8,300
Indicated	2,893.7	5.87	546,400
Total M+I	**2,957.4**	**5.83**	**554,700**
Inferred	3,025.3	7.79	757,600
Total Project			
Measured	63.7	4.06	8,300
Indicated	3,056.5	5.84	574,300
Total M+I	**3,120.2**	**5.81**	**582,600**
Inferred	**4,138.5**	**7.57**	**1,007,200**

*All grades capped to between 20.0 g/t Au – 90.0 g/t Au.

Notes:

1. Measured and Indicated Resources are exclusive of inferred.
2. The independent and qualified persons for the mineral resource estimate, as defined by NI 43-101, are Christine Beausoleil, P.Geo. and Carl Pelletier, P.Geo. (InnovExplo), and the effective date of the estimate is December 12, 2018.
3. These mineral resources are not mineral reserves as they do not have demonstrated economic viability.
4. The mineral resource estimate follows CIM definitions and guidelines for mineral resources.
5. Results are presented in situ and undiluted and considered to have reasonable prospects for economic extraction.
6. The estimation combined two (2) estimation methods, ordinary kriging in the Kiena Complex and polygonal for other deposits on the property.

7. The Kiena Complex resources encompasses 13 zones with a minimum true thickness of 3.0 m using the grade of the adjacent material when assayed or a value of zero when not assayed. High-grade capping varies from 20 to 100 g/t Au (when required) was applied to assay grades prior to compositing grade for interpolation using an Ordinary Kriging interpolation method based on 1.0 m composite and block size of 5 m x 5 m x 5 m, with bulk density values of 2.8 (g/cm^3).
8. The zone outside the Kiena Complex encompasses eight (8) zones with a minimum true thickness of 2.5 m using a polygonal estimation method. The Measured resources grade were estimated using muck samples, chip samples and test-holes, extrapolated up to 25 m above and below drifts opened within the mineralized zone. Indicated resources were estimated from drill-hole results using the mid distance between drill hole or a maximum of 30 m. The high-grade capping was fixed at 34.28 g/t Au with a bulk density value of 2.8 (g/cm^3).
9. The estimate is reported for potential underground scenario at cut-off grades of 3.0 g/t Au (> 40° dip) and 4.0 g/t Au (< 40° dip, Wesdome Zone). The cut-off grades were calculated using a gold price of US$1,250 per ounce, a CAD to USD exchange rate of $1.3 to $1; mining cost $110/t (> 40° dip); $150/t (< 40° dip); processing cost $35/t; G&A $15/t. The cut-off grades should be re-evaluated in light of future prevailing market conditions (metal prices, exchange rate, mining cost, etc.).
10. The number of metric tons was rounded to the nearest hundred and the metal contents are presented in troy ounces (tonne x grade / 31.10348).
11. InnovExplo is not aware of any known environmental, permitting, and legal, title related, taxation, socio-political or marketing issues, or any other relevant issue not reported in this Technical Report that could materially affect the mineral resource estimate.

EXPLORATION TARGETS

Following a detailed review of all pertinent information up to October 12, 2018, InnovExplo (see Qualified Persons and Technical Information in this MD&A) concluded that in the region of the down plunge extent of the Kiena Deep A Zone encompassing hole 6299 (see the Company's news release dated May 17, 2018 filed on SEDAR and on its website) that is parallel to and alongside, but excluded from the A Zone current mineral resource estimate, that could add ounces to the mineral resource estimate with positive drill results and is estimated that the exploration target for the A Zone consists **of 300,000-450,000 tonnes grading 8.0 to 11.0 g/t Au for 80,000 - 160,000 ounces Au.** This area is not currently in the mineral resource estimate and not based on drilling completed after the October 12, 2018 cutoff date for data. This area was drilled in late 2017 and early 2018 and is currently considered an exploration target that requires additional drilling before it can be modelled and interpolated. The reader should be cautioned that this exploration target is not a mineral resource estimate and is conceptual in nature. There has been insufficient exploration to define this as a mineral resource, and it is uncertain if further exploration will result in the exploration target being delineated as a mineral resource.

CONTINUING EXPLORATION DRILLING

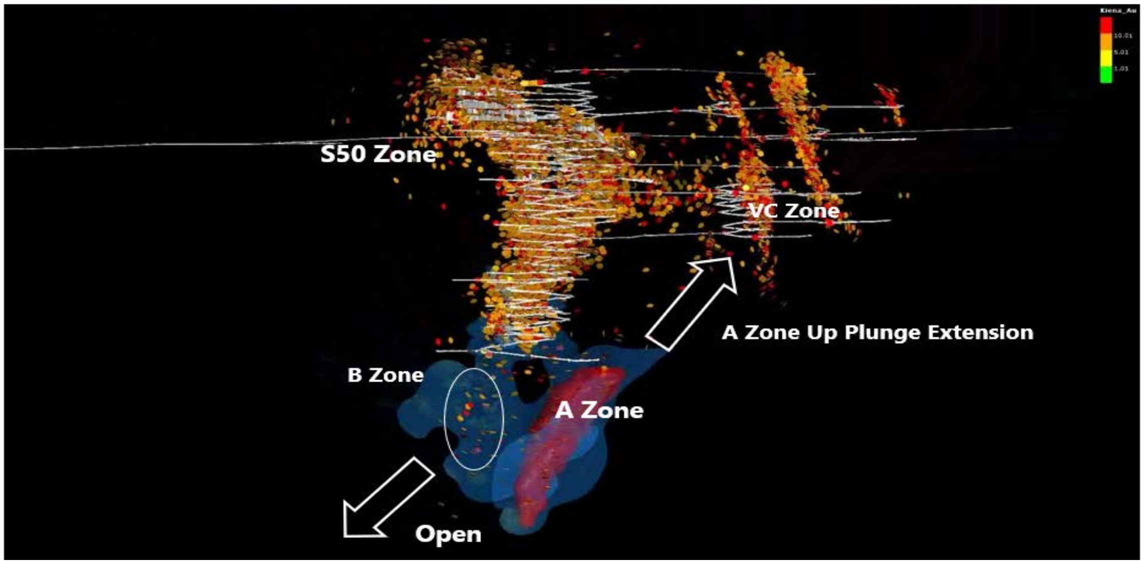
This interim resource estimate has confirmed the Company's understanding and additional potential of the Kiena Deep A Zone as well as establishing a capping grade of 90.0 g/t Au for future assessments of drilling.

Drilling of the A Zone was originally budgeted for 40,000 m for 2018; however, only 23,000 m were completed prior to the data cut off for the resource estimate on October 12, 2018. This delay in drilling was required to develop additional drill platforms in order to provide better angles for greater drill efficiency and be able to intersect the up and down plunge extension of the Kiena Deep A Zone. The diamond drilling completed since the data cut off is highlighted below and has benefitted from this recent development.

The ongoing definition/infill drilling has continued to confirm the overall continuity of the Kiena Deep A Zone and improve our understanding and confidence in the controls on gold mineralization. Drilling to date has identified a well-defined, moderate plunge of approximately 45 degrees to the SE to the gold mineralization that occurs predominantly along the basalt – chlorite-carbonate schist boundary. Four drills are in operation on the 1050 m-level exploration ramp completing the infill and plunge extension drilling, and a 5th drill is now drilling at the 670 m elevation to test the interpreted up plunge extension of the A Zone towards the VC Zone area. This up plunge extension is interpreted to be in excess of 425 m and would be in addition to the 500 m of plunge length already defined by drilling. This has the potential to significantly add to the resource base, and could be a vital enhancement in any restart scenario.

Kiena Deep A Zone

Kiena Deep A Zone Longitudinal Section



Recent drilling has continued to return very high-grade results both up and down plunge from the area of the current resource estimate and Wesdome is confident this will continue to grow. Hole 6398 was the first hole drilled from the new development to intersect the up-plunge extension of the A Zone and returned 19.2 g/t Au, or 9.2 g/t Au cut over 5.4 m true width. The mineral resource estimate only includes drilling over approximately 400 m of the potential 1.2 km of plunge length interpreted from our recent 3D geologic modelling and will be the Company's focus going forward.

Wesdome plans to update the mineral resource estimate at the Kiena gold deposit in the second half of this year. Highlights of recent drilling includes:

	Uncut Grade (g/t Au)	Core length (m)	Cut Grade (g/t Au)	True width (m)	News Release Date
Hole 6275	39.6	18.2	12.6	10.4	April 24, 2018
Hole 6278	29.8	6.5	6.1	4.3	April 24, 2018
Hole 6279	112.1	3.1	28.2	1.9	April 24, 2018
Hole 6287	22.7	1.5	22.7	0.6	April 24, 2018
Hole 6288	33.9	12.9	10.5	7.6	April 24, 2018
Hole 6289	200.3	1.4	13.3	0.8	April 24, 2018
Hole 6295	9.9	8.9	6.2	6.4	May 17, 2018
Hole 6296	43.3	6.5	6.8	5.5	May 17, 2018
Hole 6290 - Zone A	28.8	3.2	10.5	2.7	May 17, 2018
Hole 6290 - Zone A1	26.0	25.7	7.3	20.0	May 17, 2018
Hole 6299 – Zone A1	29.6	10.2	9.8	7.7	May 17, 2018
Hole 6299 – Zone A2	77.4	14.4	12.8	10.8	May 17, 2018

	Uncut Grade (g/t Au)	Core length (m)	Cut Grade (g/t Au)	True width (m)	News Release Date
Hole 6300	132.1	13.2	13.4	6.4	June 26, 2018
Hole 6308	42.6	12.6	6.8	10.4	June 26, 2018
Hole 6309	16.5	7.8	7.6	7.1	June 26, 2018
Hole 6322	12.7	12.2	8.1	8.6	June 26, 2018
Hole 6325	138.0	13.0	16.4	8.1	July 17, 2018
Hole 6317	17.8	10.4	5.3	10.4	July 17, 2018
Hole 6326	37.0	3.6	7.0	3.6	July 17, 2018
Hole 6332	58.3	3.8	12.2	2.4	July 17, 2018
Hole 6339	53.6	6.2	18.38	5.3	September 11, 2018
Hole 6321	177.3	5.1	6.5	5.1	September 11, 2018
Hole 6336	18.7	12.9	7.0	6.8	September 11, 2018
Hole 6333	37.3	8.4	6.8	5.8	September 11, 2018
Hole 6338 – Zone A	163.8	3.0	13.1	2.6	September 11, 2018
Hole 6338 – Zone A1	14.1	12.1	10.3	11.9	September 11, 2018
Hole 6376	21.1	6.1	5.1	5.4	October 31, 2018
Hole 6367	13.5	9.1	10.3	9.1	October 31, 2018
Hole 6366	43.7	2.4	12.1	1.9	October 31, 2018
Hole 6380	17.9	10.3	8.9	8.6	October 31, 2018
Hole 6383	28.0	24.0	14.1	16.5	December 12, 2018
Hole 6375	82.4	11.1	17.8	8.5	December 12, 2018
Hole 6370	120.6	8.9	44.6	8.0	December 12, 2018
Hole 6384	26.4	13.2	17.8	9.3	December 12, 2018
Hole 6398	19.2	5.9	9.2	5.4	December 12, 2018
Hole 6384A	33.7	30.6	28.4	15.0	January 28, 2019
Hole 6378	36.5	7.0	18.4	5.0	January 28, 2019
Hole 6392	153.4	1.4	35.4	1.3	January 28, 2019
Hole 6402	51.9	7.6	17.9	7.6	January 28, 2019
Hole 6409	39.8	4.7	20.0	3.6	January 28, 2019

1. The assays for drill holes up to December 12, 2018 are cut to 34.3 g/t Au. True widths are estimated.
2. The assays of these drill holes are cut to 90.0 g/t Au. True widths are estimated.
3. See the Company's news releases for details.

In Q2 2018, an exploration ramp, drifts and associated drill platforms at the 1000 m-level has completed at a total cost of $7.9 million. Following the continued success of the ongoing diamond drill program in the Kiena Deep - A Zone, the Company has extended the current exploration ramp by 450 m at a cost of $2.4 million and completed an additional 511 m of lateral development in 2018. The new development will allow diamond drilling to be completed from a more optimal direction (i.e. to the northwest) to intersect the moderately plunging zone to the southeast and provide drilling platforms that will allow definition drilling in the central area of the Kiena Deep - A Zone. The enhanced drill platforms will also facilitate the drilling of several step out exploration holes to illustrate the potential expansion of the zone.

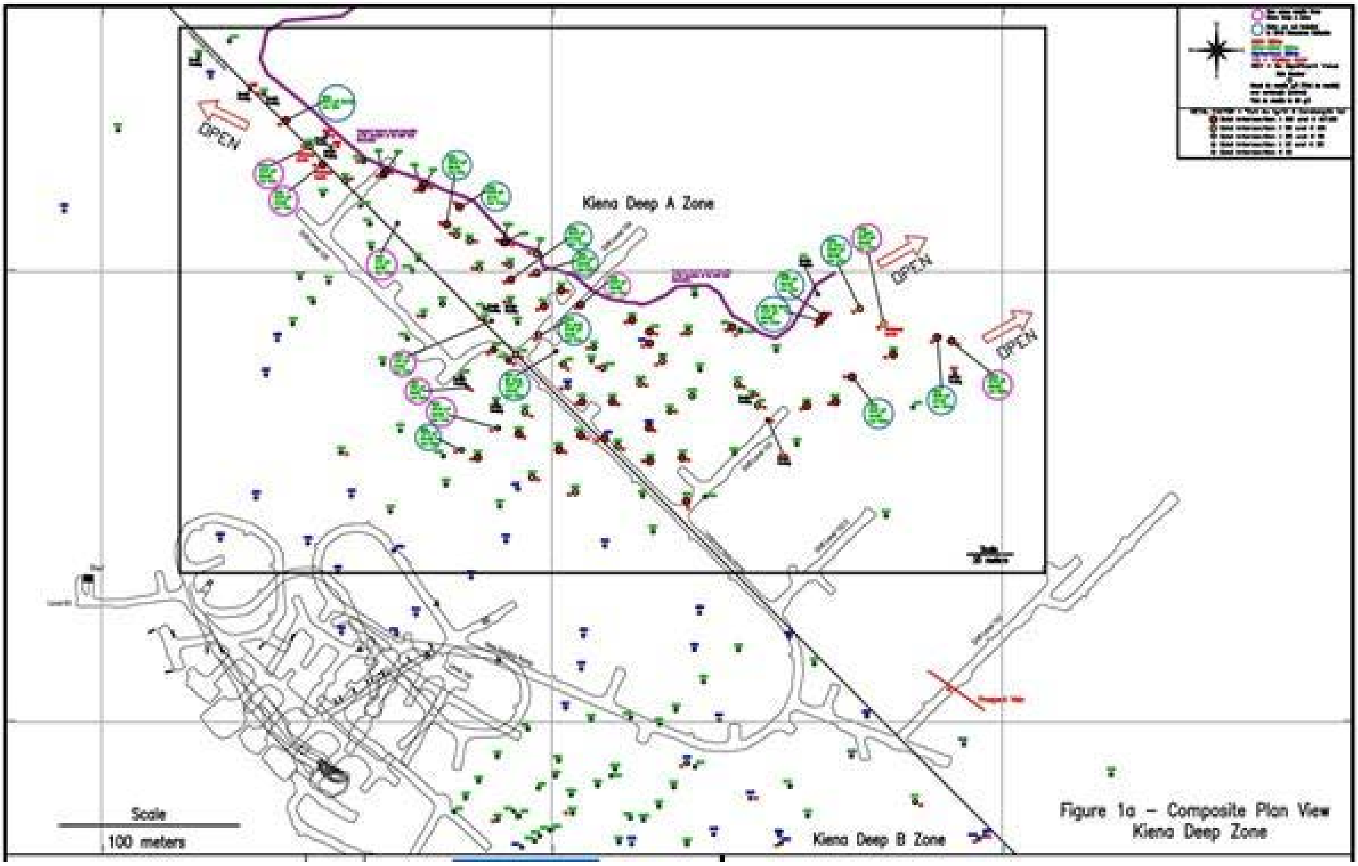


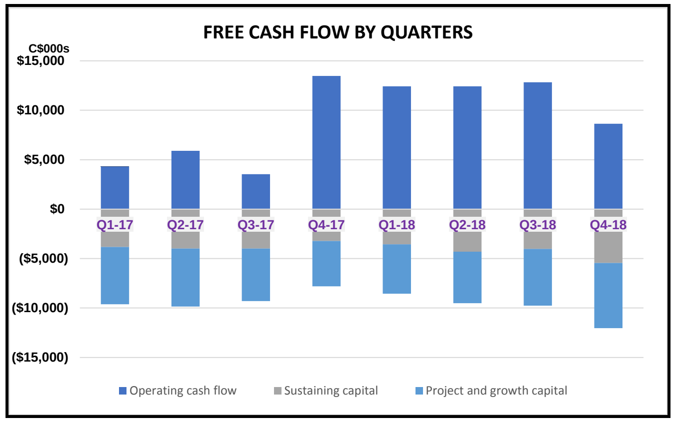
Figure 1a – Composite Plan View
Kiena Deep Zone

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2018, Wesdome had working capital of $11.3 million compared to $12.9 million at December 31, 2017. Cash and cash equivalents at the end of the year was $27.4 million as compared to $22.1 million at the beginning of the year.

The following table summarizes the significant movements in cash during 218:

In Millions (Canadian dollar)		
Eagle River		
Mine profits	$52.1	
Sustaining capital	(17.2)	
Capitalized exploration	(1.0)	
Lease payments and other	(3.9)	
		30.0
Kiena		
Investment in exploration & evaluation		(21.5)
Corporate and other		(4.1)
Net change in working capital		0.9
Net increase in cash		$5.3



1 Free cash flow and mine profits are non-IFRS performance measures. Please refer to the disclosures of non- IFRS measures in this MD&A

Mine profits[1] for 2018 were $52.1 million as compared to $31.5 million in 2017. The increase in mine profits has led to the use of cash flow from operations to invest $21.5 million in the Kiena asset in 2018.

In 2018, Wesdome generated $2.8 million in free cash flow[1] as opposed to a net cash outflow of $12.1 million in 2017. The following table identifies the significant movements in operating cash flow for the three months and for the year ended December 31, 2018:

In $000s	Q4 2018	Q4 2017	Change		FY 2018	FY 2017	Change	
Operating cash flow, previous period	**12,823**	3,541	9,282	262%	**27,225**	22,424	4,801	21%
Increase (decrease) in cash margin from mine operations	**(1,348)**	3,685	(5,033)		**20,587**	9,244	11,343	
Gold recovery from Kiena mill clean up	**-**	-	-		**(900)**	(1,545)	645	
Decrease (increase) in other operating expenditures	**(177)**	(468)	291		**(915)**	1,669	(2,584)	
Exploration credit refund	**-**	-	-		**-**	(2,620)	2,620	
Mining and income tax payments (recovery)	**(2,511)**	(471)	(2,040)		**(3,382)**	178	(3,560)	
Restructuring costs	**-**	2,159	(2,159)		**2,159**	(2,159)	4,318	
NIER Program	**-**	-	-		**1,032**	-	1,032	
Net change in working capital balances	**(285)**	5,051	(5,336)		**237**	164	73	
Other	**130**	(29)	159		**257**	(130)	387	
Net increase in operating cash flows	**(4,191)**	9,927	(14,118)	(142)%	**19,075**	4,801	14,274	297%
Operating cash flow, current period	**8,632**	13,468	(4,836)	(36)%	**46,300**	27,225	19,075	70%

Capital and exploration and evaluation expenditures incurred in 2018 totaled $39.8 million as compared to $36.6 million in 2017. A breakdown of the capital expenditures for the three months and for the years ended December 31, 2018 and 2017 are as follows:

In $000s	Q4 2018	Q4 2017	Change		FY 2018	FY 2017	Change	
Mining properties and plant and equipment								
Eagle River								
Capitalized exploration and development costs	**4,142**	3,053	1,089		**15,013**	14,161	852	
Mining equipment and infrastructure upgrades	**1,280**	162	1,118		**2,202**	851	1,351	
Project capital and other	**889**	26	863		**1,014**	8	1,006	
	6,311	3,241	3,070		**18,229**	15,020	3,209	
Corporate Office	**27**	-	27		**120**	-	120	
Additions to Mining properties	**6,338**	3,241	3,097	96%	**18,349**	15,020	3,329	22%
Exploration and evaluation expenditures								
Eagle River	**-**	124	(124)		**-**	3,136	(3,136)	
Kiena	**5,685**	4,236	1,449		**21,429**	14,040	7,389	
Moss Lake	**14**	238	(224)		**66**	4,379	(4,313)	
Additions to Exploration properties	**5,699**	4,598	1,101	24%	**21,495**	21,555	(60)	(0)%
Total capital investments	**12,037**	7,839	4,198	54%	**39,844**	36,575	3,269	9%

Secured Credit Facility and Lease Facilities

The Company has established a $36.0 million secured revolving credit facility provided by a major Canadian bank, which is comprised of a $1.0 million commercial card program, $20.0 million in revolving equipment finance facility and $15.0 million in a letter of credit facility. Of the equipment and letter of credit facilities, $6.8 million were drawn under the equipment lease facility and $2.1 million were drawn under the letter of credit facility as at December 31, 2018. These facilities are secured by a fixed charge over all property together with a floating charge over all other assets, and together contain certain financial covenants. The Company is in compliance with these financial covenants throughout 2018.

In Q3 2018, the Company established a $3.4 million lease facility with another Canadian bank, which amount was fully drawn in 2018.

Reclamation Bond

In Q2, 2018, the Company entered into an agreement with a financial institution whereby the financial institution has issued a surety bond, on an unsecured, to the extent of $7.0 million to satisfy the Company's reclamation obligation for Kiena.

SUMMARY OF SHARES ISSUED

As of February 21, 2019, the Company had securities outstanding as follows:

Shares outstanding	000s
Common shares issued	135,519
Common share purchase options	6,168
Deferred Share Units	195
Restricted Share Units	387

CONTRACTUAL OBLIGATIONS

The following table shows the timing of cash outflows relating to contractual obligations as at December 31, 2018:

In $000s	Total	Within 1 year	1 - 2 Years	3 – 5 Years	Beyond 5 years
Payables and accruals [1]	$19,659	$19,659			
Mining and income liabilities	180	180			
Finance leases	10,345	4,866	3,437	2,042	
Other leases [2]	1,999	600	458	941	
Purchase commitments [3]	1,210	1,210			
Decommissioning liabilities	12,924		7,027		5,897
	$46,317	**$26,515**	**$10,922**	**$2,983**	**$5,897**

[1] Payables and accruals excludes the $2.9 million cash receipt from Revenue Québec in connection with the litigation (see Litigation under Financial Review, FY 2018 vs FY 2017).

[2] Other leases are operating leases that will accounted for as finance leases upon the adoption of IFRS 16 effective, January 1, 2019.

[3] The Company anticipates the outstanding purchase commitments as at December 31, 2018 will be financed by finance leases.

NON-IFRS PERFORMANCE MEASURES

Average realized price per ounce of gold sold

Average realized price per ounce of gold sold is a non-IFRS measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS. Average realized price per ounce of gold sold is calculated by dividing gold sales proceeds received by the Company for the relevant period by the ounces of gold sold. It may not be comparable to information in other gold producers' reports and filings.

In 000s, except per unit amounts	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Revenues per financial statements	**29,462**	**28,920**	**31,443**	**26,217**	31,544	21,165	23,248	20,100	**116,042**	96,057
Gold revenue from Kiena mill clean up	**-**	**-**	**-**	**-**	**-**	**-**	(900)	**-**	-	(900)
Silver revenue from mining operations	**(30)**	**(22)**	**(32)**	**(24)**	(225)	-	-	-	**(108)**	(225)
Gold revenue from mining operations (a)	**29,432**	**28,898**	**31,411**	**26,193**	31,319	21,165	22,348	20,100	**115,934**	94,932
Ounces of gold sold (b)	**18,077**	**18,401**	**18,573**	**15,430**	19,351	13,069	13,030	12,320	**70,480**	57,770
Average realized price gold gold sold CAD (c) = (a) ÷ (b)	**1,628**	**1,571**	**1,692**	**1,698**	1,618	1,619	1,715	1,631	**1,645**	1,643
Average 1 USD → CAD exchange rate (d)	**1.3204**	**1.3070**	**1.2911**	**1.2647**	1.2712	1.2528	1.3449	1.3236	**1.2957**	1.2986
Average realized price gold sold USD (c) ÷ (d)	**1,233**	**1,202**	**1,311**	**1,342**	1,273	1,293	1,275	1,233	**1,270**	1,265

Cash costs per ounce of gold sold

Cash cost per ounce of gold sold is a non-IFRS performance measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS, as well it may not be comparable to information in other gold producers' reports and filings. The Company has included this non-IFRS performance measure throughout this document as Wesdome believes that this generally accepted industry performance measure provides a useful indication of the Company's operational performance. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following table provides a reconciliation of total cash costs per ounce of gold sold to cost of sales per the financial statements for each of the last eight quarters:

In 000s, except per unit amounts	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Cost of sales per financial statements	**22,162**	**20,599**	**20,405**	**18,764**	23,780	15,594	18,736	16,118	**81,930**	74,228
Depletion and depreciation	**(5,195)**	**(5,577)**	**(3,919)**	**(3,321)**	(3,842)	(2,350)	(2,271)	(2,145)	**(18,012)**	(10,608)
Silver revenue from mining operations	**(30)**	**(22)**	**(32)**	**(24)**	(225)	-	-	-	**(108)**	(225)
Cash costs (a)	**16,937**	**15,000**	**16,454**	**15,419**	19,713	13,244	16,465	13,973	**63,810**	63,395
Ounces of gold sold (b)	**18,077**	**18,401**	**18,573**	**15,430**	19,351	13,069	13,030	12,320	**70,480**	57,770
Cash costs per ounce of gold sold (c) = (a) ÷ (b)	**937**	**815**	**886**	**999**	1,019	1,013	1,264	1,134	**905**	1,097
Average 1 USD → CAD exchange rate (d)	**1.3204**	**1.3070**	**1.2911**	**1.2647**	1.2712	1.2528	1.3449	1.3236	**1.2957**	1.2986
Cash costs per ounce of gold sold USD (c) ÷ (d)	**710**	**624**	**686**	**790**	801	809	940	857	**699**	845

Production costs per tonne milled

Mine-site cost per tonne milled is a non-IFRS performance measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS, as well it may not be comparable to information in other gold producers' reports and filings. As illustrated in the table below, this measure is calculated by adjusting cost of sales, as shown in the statements of income for non-cash depletion and depreciation, royalties and inventory level changes and then dividing by tonnes processed through the mill. Management believes that mine-site cost per tonne milled provides additional information regarding the performance of mining operations and allows Management to monitor operating costs on a more consistent basis as the per tonne milled measure reduces the cost variability associated with varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, the estimated revenue on a per tonne basis must be in excess of the production cost per tonne milled in order to be economically viable. Management is aware that this per tonne milled measure is impacted by fluctuations in throughput and thus uses this evaluation tool in conjunction with production costs prepared in accordance with IFRS. This measure supplements production cost information prepared in accordance with IFRS and allows investors to distinguish between changes in production costs resulting from changes in production versus changes in operating performance.

In 000s, except per unit amounts	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Cost of sales per financial statements	**22,162**	**20,599**	**20,405**	**18,764**	23,780	15,594	18,736	16,118	**81,930**	74,228
Depletion and depreciation	**(5,195)**	**(5,577)**	**(3,919)**	**(3,321)**	(3,842)	(2,350)	(2,271)	(2,145)	**(18,012)**	(10,608)
Royalties	**(529)**	**(597)**	**(484)**	**(539)**	(424)	(414)	(349)	(428)	**(2,149)**	(1,615)
Inventory adjustments	**1,615**	**(47)**	**(570)**	**1,184**	(3,530)	2,316	(200)	2,470	**2,182**	1,056
Mining and processing costs, before inventory adjustments	**18,053**	**14,378**	**15,432**	**16,088**	15,984	15,146	15,916	16,015	**63,951**	63,061
Ore milled (tonnes) (b)	**59,014**	**50,854**	**68,610**	**77,326**	77,488	83,059	74,077	75,219	**255,804**	309,843
Production costs per tonne milled (a) ÷ (b)	**306**	**283**	**225**	**208**	206	182	215	213	**250**	204

Mine profit

Mine profit is a non-IFRS measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS, as well it may not be comparable to information in other gold producers' reports and filings. It is calculated as the difference between gold sales revenue from mining operations and cash mine site operating costs (see Cash cost per ounce of gold sold under this Section above) per the Company's Financial Statements. The Company believes it illustrates the performance of the Company's operating mines and enables investors to better understand the Company's performance in comparison to other gold producers who present results on a similar basis.

In 000s, except per unit amounts	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Gold revenue from mining operations (per above)	**29,432**	**28,898**	**31,411**	**26,193**	31,319	21,165	22,348	20,100	**115,934**	94,932
Cash costs (per above)	**16,937**	**15,000**	**16,454**	**15,419**	19,713	13,244	16,465	13,973	**63,810**	63,395
Mine profit	**12,495**	**13,898**	**14,957**	**10,774**	11,606	7,921	5,883	6,127	**52,124**	31,537
Per ounce of gold sold (Canadian dollar):										
Average realized price (a)	**1,628**	**1,571**	**1,692**	**1,698**	1,618	1,619	1,715	1,631	**1,645**	1,643
Cash costs (b)	**937**	**815**	**886**	**999**	1,019	1,013	1,264	1,134	**905**	1,097
Cash margin (a) – (b)	**691**	**756**	**807**	**699**	599	606	451	497	**741**	546

All-in sustaining costs

All-in sustaining costs (AISC) include mine site operating costs incurred at Wesdome mining operations, sustaining mine capital and development expenditures, mine site exploration expenditures and equipment lease payments related to the mine operations and corporate administration expenses. The Company believes that this measure represents the total costs of producing gold from current operations and provides Wesdome and other stakeholders with additional information that illustrates the Company's operational performance and ability to generate cash flow. This cost measure seeks to reflect the full cost of gold production from current operations on a per-ounce of gold sold basis. New project and growth capital are not included.

In 000s, except per unit amounts	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Cost of sales, per financial statements	**22,162**	**20,599**	**20,405**	**18,764**	23,780	15,594	18,736	16,118	**81,930**	74,228
Depletion and depreciation	**(5,195)**	**(5,577)**	**(3,919)**	**(3,321)**	(3,842)	(2,350)	(2,271)	(2,145)	**(18,012)**	(10,608)
Silver revenue from mining operations	**(30)**	**(22)**	**(32)**	**(24)**	(225)	-	-	-	**(108)**	(225)
Cash costs	**16,937**	**15,000**	**16,454**	**15,419**	19,713	13,244	16,465	13,973	**63,810**	63,395
Sustaining mine exploration and development	**4,142**	**3,677**	**3,744**	**3,450**	3,053	3,545	3,779	3,785	**15,013**	14,162
Sustaining mine capital equipment	**1,280**	**317**	**499**	**106**	162	434	213	42	**2,202**	851
Corporate and general	**1,337**	**1,429**	**1,416**	**1,077**	1,248	909	1,355	1,431	**5,259**	4,943
Lease payments	**1,086**	**931**	**956**	**659**	674	762	672	645	**3,632**	2,753
All-in Sustaining costs (AISC) (a)	**24,782**	**21,354**	**23,069**	**20,711**	24,850	18,894	22,484	19,876	**89,916**	86,104
Ounces of gold sold (b)	**18,077**	**18,401**	**18,573**	**15,430**	19,351	13,069	13,030	12,320	**70,480**	57,770
AISC (c) = (a) ÷ (b)	**1,371**	**1,160**	**1,242**	**1,342**	1,284	1,446	1,726	1,613	**1,276**	1,490
Average 1 USD → CAD exchange rate (d)	**1.3204**	**1.3070**	**1.2911**	**1.2647**	1.2712	1.2528	1.3449	1.3236	**1.2957**	1.2986
AISC USD (c) ÷ (d)	**1,038**	**888**	**962**	**1,061**	1,010	1,154	1,283	1,219	**985**	1,148

Free cash flow and operating and free cash flow per share

Free cash flow is calculated by taking net cash provided by operating activities less cash used in capital expenditures and lease payments as reported in the Company's financial statements. Free cash flow per share is calculated by dividing free cash flow by the weighted average number of shares outstanding for the period.

Operating cash flow per share is a non-IFRS measure and does not constitute a measure recognized by IFRS and does not have a standardized meaning defined by IFRS. Operating cash flow per share is calculated by dividing cash flow from operating activities in the Company's Financial Statements by the weighted average number of shares outstanding for each year. It may not be comparable to information in other gold producers' reports and filings.

In 000s, except per share amounts	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Net cash provided by operating activities per financial	**8,632**	**12,823**	**12,422**	**12,423**	13,468	3,541	5,898	4,318	**46,300**	27,225
Sustaining mine exploration and development	**(4,142)**	**(3,677)**	**(3,744)**	**(3,450)**	(3,053)	(3,545)	(3,779)	(3,785)	**(15,013)**	(14,162)
Sustaining mine capital equipment	**(1,280)**	**(317)**	**(499)**	**(106)**	(162)	(434)	(213)	(42)	**(2,202)**	(851)
Leasehold improvements and fixtures	**(27)**	**(28)**	**(65)**	**-**	-	-	-	-	**(120)**	-
Capitalized exploration and evaluation expenditures	**(5,699)**	**(5,733)**	**(5,071)**	**(4,992)**	(4,598)	(5,317)	(5,853)	(5,788)	**(21,495)**	(21,556)
Surface exploration at Eagle River	**(889)**	**-**	**(125)**	**-**	-	-	-	-	**(1,014)**	-
Lease payments	**(1,086)**	**(931)**	**(956)**	**(659)**	(674)	(762)	(672)	(645)	**(3,632)**	(2,753)
Free cash flows (a)	**(4,491)**	**2,137**	**1,962**	**3,216**	4,981	(6,517)	(4,619)	(5,942)	**2,824**	(12,097)
Weighted number of shares (000s) (b)	**135,132**	**134,754**	**134,276**	**134,132**	133,890	133,888	133,000	130,658	**134,577**	132,871
Per Share data										
Operating cash flow (c) ÷ (b)	**0.06**	**0.10**	**0.09**	**0.09**	0.10	0.03	0.04	0.03	**0.34**	0.20
Free cash flow (a) ÷ (b)	**(0.03)**	**0.02**	**0.01**	**0.02**	0.04	(0.05)	(0.03)	(0.05)	**0.02**	(0.09)

Net income (adjusted) and Adjusted net earnings per share

Adjusted net income (loss) and adjusted net earnings per share are non-IFRS performance measures and do not constitute a measure recognized by IFRS and do not have standardized meanings defined by IFRS, as well both measures may not be comparable to information in other gold producers' reports and filings. Adjusted net income (loss) is calculated by removing the one-time gains and losses resulting from the disposition of non-core assets, non-recurring expenses and significant tax adjustments (mining tax recognition and exploration credit refunds) not related to current period's earnings, as detailed in the table below. Wesdome discloses this measure, which is based on its financial statements, to assist in the understanding of the Company's operating results and financial position.

In 000s, except per share amounts	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2018	FY 2017
Net income (loss) per financial statements	**2,643**	**3,631**	**5,725**	**2,859**	(567)	296	863	695	**14,858**	1,287
Adjustment for restructing costs:	-	-	-	-	-	2,159	-	-	-	2,159
Related income tax effect	-	-	-	-	-	(572)	-	-	-	(572)
Recognition of mining taxes	-	-	-	-	3,924		-	-	-	3,924
	-	-	-	-	3,924	1,587	-	-	-	5,511
Net income adjusted (a)	**2,643**	**3,631**	**5,725**	**2,859**	3,357	1,883	863	695	**14,858**	6,798
Weighted number of shares (000s) (b)	**135,132**	**134,754**	**134,276**	**134,132**	133,890	133,888	133,000	130,658	**134,577**	132,871
Per Share data										
Net adjusted earnings (a) ÷ (b)	**0.02**	**0.03**	**0.04**	**0.02**	0.03	**0.01**	**0.01**	**0.01**	**0.11**	0.05

ACCOUNTING MATTERS

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

CRITICAL JUDGMENT IN APPLYING ACCOUNTING POLICIES

Exploration and evaluation expenditures

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Reserves and Resources

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

Changes in the Mineral Reserves estimates may impact the carrying value of mining properties and equipment, depletion, impairment assessments and the timing of decommissioning and remediation obligations.

(ii) Depletion

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

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

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

(iii) Provision for decommissioning obligations

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

(iv) Share-based payments

The determination of the fair value of Share-based payments is based on subjective assumptions input into an option pricing model, instead of based on historical cost. The model requires that management make forecasts as to future events, including estimates of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Share-based payments incorporate an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates and is adjusted if the actual forfeiture rate differs from the expected rate.

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

(v) Income and mining and income taxes

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

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

(vi) Recoverability of mining properties

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

(vii) Inventory – ore stockpile

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

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

(viii) Provisions and contingent liabilities

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

The Company received $2.9 million in tax reassessments and interests from Revenue Québec in Q2 2018 in connection with the Québec Appeal Court decision rendered in March 2018 (see "**Litigation**" under Operation and Financial Review in this MD&A). The Company has recorded in payable and accruals, the $2.9 million it received in 2018 on the basis that the Revenue Québec has appealed this decision to the Supreme Court and a decision whether the case will be heard by the Supreme Court is uncertain at this time. The Company will recognize this amount in income upon a successful outcome in the Supreme Court Appeal.

ACCOUNTING PRONOUNCEMENTS

Adoption of New Accounting Pronouncements

The Company has adopted the following new accounting pronouncement in the beginning of 2018:

(i) IFRS 9 – Financial instruments: Classification and measurement

This accounting pronouncement establishes two primary measurement categories for financial assets – amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available for sale and loans and receivable categories. The adoption of this new pronouncement did not have a significant impact on its consolidated financial statements.

(ii) IFRS 15 – Revenue from contract with customers

This new accounting pronouncement establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The adoption of this accounting pronouncement did not have a significant impact on its consolidated financial statements.

Changes in Accounting Pronouncements Not Yet Effective

IFRS 16 – Leases

This new accounting pronouncement, which supersedes IAS 17 – Leases and will be effective for periods beginning on or after January 1, 2019, eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short- term leases and leases of low value assets. In addition, the new accounting standard sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. The Company plans to apply IFRS 16 at the date it becomes effective. The adoption of this accounting pronouncement will not have a significant impact on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Please refer to note 24 of the Company's financial statements for a discussion of the factors that affects Wesdome.

RELATED PARTY TRANSACTIONS

Key management of the Company are its Board of Directors and members of executive management. Key management personnel remuneration includes the following payments for the three months and the full year ended December 31, 2018 and 2017:

In 000s	Three months ended December 31,				Year ended December 31,			
		2018		2017		2018		2017
Salary and short-term employee benefits	**$**	**551**	$	1,357	**$**	**3,148**	$	2,367
Long-term benefits		**18**		10		**71**		66
Share based payments		**316**		528		**1,907**		2,343
Termination payments		**-**		-		**-**		2,159
	$	**885**	$	1,895	**$**	**5,126**	$	6,935

OTHER RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high risk nature of its business which is the operation, exploration and development of mineral properties. Risk factors relating to the Company could materially affect the Company's future results and could cause them to differ materially from those described in forward-looking information relating to the Company. Investors and prospective investors should give careful consideration to all of the information contained in this MD&A, including the risk factors set forth below. It should be noted that this list is not exhaustive and that other risk factors may apply, including risks described elsewhere herein, risks not currently known to the Company and risks that the Company currently deems immaterial. Any one or more of these risk factors could have a material adverse effect on the Company's business, results of operations, financial condition and the value of its securities.

Nature of Mineral Exploration

Subject to any future expansion or other development, production from existing operations at the Company's mines will typically decline over the life of the mine. As a result, the Company's ability to maintain its current production or increase its annual production and generate revenues therefrom will depend significantly upon the Company's ability to discover or acquire and to successfully bring new mines into production and to expand reserves at existing mines. The exploration for and development of mineral deposits involves significant financial risks which even with a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an orebody may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a site. As a result, the Company cannot provide assurance that its exploration or development efforts will result in any new commercial mining operations or yield new mineral reserves to replace or expand current mineral reserves.

Mineral Resource and Mineral Reserve Estimates

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve estimate is a function of the quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Company's financial position and results of operations.

The Company's gold production may fall below estimated levels as a result of mining accidents, adverse ground conditions, or as a result of other operational difficulties. In addition, production may be unexpectedly reduced if, during the course of mining, mineral grades are lower than expected, the physical or metallurgical characteristics of the minerals are less amenable than expected to mining or treatment, or dilution increases.

Safety, Health and Environmental Regulations

Safety, health and environmental legislation affects nearly all aspects of the Company's operations including exploration, mine development, working conditions, waste disposal, emission controls and protection of endangered and protected species. Compliance with safety, health and environmental legislation can require significant expenditures and failure to comply with such safety, health and environmental legislation may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, clean-up costs resulting from contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from the Company's existing operations, but from operations that have been closed. The Company could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurances that the Company will at all times be in compliance with all safety, health and environmental regulations or that steps to achieve compliance would not materially adversely affect the Company's business.

Safety, health and environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on its operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent safety, health and environmental regulation. For example, emissions standards are poised to become increasingly stringent. Further changes in safety, health and environmental laws, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, may require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Company. Environmental and regulatory review is a long and complex process that can delay the opening, modification or expansion of a mine, extend decommissioning at a closed mine, or restrict areas where exploration activities may take place.

In 2018, Wesdome has implemented a "**Fit For Duty Policy**" at its properties to better control drug and alcohol abuse. This policy apply to both the Company and the contractors employees.

Economic Conditions

General levels of economic activity and recessionary conditions may have an adverse impact on the Company's business.

Market events and conditions, including the disruptions in the international credit markets and other financial systems, the deterioration of global economic conditions in 2008 and 2009 and, more recently, in Europe, along with political instability in the Middle East and budget deficits and debt levels in the United States, have caused significant volatility to commodity prices. These conditions have also caused a loss of confidence in the broader United States, European and global credit and financial markets and resulted in the collapse of, and government intervention in, major banks, financial institutions and insurers and created a climate of greater volatility, less liquidity, widening credit spreads, less price transparency, increased credit losses and tighter credit conditions.

Notwithstanding various actions by governments and concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially in recent years.

The Company is also exposed to liquidity and various counterparty risks, including, but not limited to: (i) financial institutions that hold the Company's cash and cash equivalents; (ii) companies that have payables to the Company; (iii) the Company's insurance providers; (iv) the Company's lenders; (v) the Company's other banking counterparties; and (vi) companies that have received deposits from the Company for the future delivery of equipment and/or other operational inputs. The Company is also exposed to liquidity risks in meeting its capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. Furthermore, repercussions from the 2008-2009 economic crisis continue to be felt, as reflected in increased levels of volatility and market turmoil. As a result of this uncertainty, the Company's planned growth could either be adversely or positively impacted and the trading price of the Company's securities could either be adversely or positively affected.

Gold Price Volatility

The profitability of the Company's operations may be significantly affected by changes in the market price of gold. The economics of developing gold are affected by many factors, including the cost of operations, variations in the grade of ore mined and the price of gold. Depending on the price of gold, the Company may determine that it is impractical to commence or continue commercial production.

The price of gold fluctuates widely and is affected by numerous industry factors beyond the Company's control, such as the demand for precious metals, forward selling by producers and central bank sales and purchases of gold. Gold price is also affected by macro-economic factors, such as expectations for inflation, interest rates, the world supply of mineral commodities, the stability of currency exchange rates and global or regional political and economic situations. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political systems and developments. The price of gold has fluctuated widely in recent years, and future serious price declines could cause commercial production to be uneconomic.

Any significant drop in the price of gold adversely impacts the Company's revenues, profitability and cash flows. In addition, sustained low gold price may:

(a) reduce production revenues as a result of cutbacks caused by the cessation of mining operations involving deposits or portions of deposits that have become uneconomic at the prevailing price of gold;

(b) cause the cessation or deferral of new mining projects;

(c) decrease the amount of capital available for exploration activities;

(d) reduce existing reserves by removing ore from reserves that cannot be economically mined at prevailing prices; or

(e) cause the write-off of an asset whose value is impaired by the low price of gold.

There can be no assurance that the price of gold will remain stable or that such prices will be at a level that will prove feasible to begin development of its properties, or commence or continue commercial production, as applicable.

Currency Fluctuations

Currency fluctuations may affect costs at the Company's operations. Gold is sold throughout the world based principally on the US dollar, however, the Company's reporting and functional currencies are the Canadian dollars. Any appreciation of the Canadian dollar against the US dollar could negatively affect the Company's profitability, cash flows and financial position.

Title Matters

The acquisition of title to mining claims and similar property interests is a detailed and time-consuming process. Title to and the area of mining claims and similar property interests may be disputed. The Company has investigated title to all of its material mineral properties and the Company believes that title to all of its material properties are in good standing; however, the foregoing should not be construed as a guarantee of title to those properties. Title to those properties may be affected by undisclosed and undetected defects. For example, certain properties may have been acquired in error from parties who did not possess transferable title, may be subject to prior unregistered agreements or transfers.

Community

The Company's goal at each of its operations is to hire as much as possible of its workforce, including management teams, directly from the local region in which the operation is located. In 2018, 36% of the Company's mine workforce is hired locally. Wesdome believes that providing employment is one of the most significant contributions it can make to the communities in which it operates.

The Company works closely with neighbouring communities to develop alternative employment and business opportunities to help diversify local economies.

Aboriginal Rights and Duty to Consult

The Company operates and does exploration on properties, which are subject to Aboriginal rights or titles. The Company is committed to consult with the First Nations group about any impact of its activities on such rights, titles or claims, which may cause delays in making decisions or project start-ups. Further, there is no assurance of favourable outcomes of these consultations. During 2017, the Company entered into a Memorandum of Understanding ("**MOU**") with the Michipicoten First Nation and the Métis Nation of Ontario on February 8, 2018, whose traditional territory is host to the Eagle River Complex. Wesdome and these First Nations groups are engaged in negotiations and consultations on an ongoing basis.

The Company is advised by the Provincial government as to the relevant First Nations group which should be included in consultation.

Mining Risks and Insurance

The business of mining is generally subject to a number of risks and hazards, including environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations, cave-ins, flooding and periodic interruptions due to inclement or hazardous weather conditions at its existing locations in Northern Ontario and Val d'Or, Québec. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

The Company's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, the Company may be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance against environmental risks (including potential for pollution or other hazards as a result of disposal of waste products occurring from exploration and production) is not generally available to the Company or to other companies within the industry on acceptable terms. The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include, without limitation, environmental pollution, mine flooding or other hazards against which such companies cannot insure or against which they may elect not to insure. Losses from uninsured events may cause the Company to incur significant costs.

The activities of the Company are subject to a number of challenges over which the Company has little or no control, but that may delay production and negatively impact the Company's financial results, including: increases in energy, fuel and/or other production costs; higher insurance premiums; industrial accidents; labour disputes;

shortages of skilled labour; contractor availability; unusual or unexpected geological or operating conditions; slope failures; cave-ins of underground workings; and failure of pit walls or dams. If the Company's total production costs per ounce of gold rise above the market price of gold and remain so for any sustained period, the Company may experience losses and may curtail or suspend some or all of its exploration, development and mining activities.

Reclamation and Mine Closure Costs

The Company has obtained approval for its closure plans for the Eagle River Mill, Eagle River Mine, the Mishi-Magnacon Complex (collectively, "**Eagle River Complex**") and the Kiena Mine and surrounding properties and has provided financial security to cover estimated rehabilitation and closure costs. In the event of any future expansion or alteration of a mine on Eagle River Complex property or Kiena, Wesdome would likely be required to amend its closure plans which may require the provision of additional security.

The ultimate timing of, and costs for, future removal and site restoration could differ from current estimates. The

Company's estimates for this future liability are subject to change based on amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations.

In addition, regulatory authorities in various jurisdictions require Wesdome to post financial assurances to secure, in whole or in part, future reclamation and restoration obligations in such jurisdictions. Changes to the amounts required, as well as the nature of the collateral to be provided, could significantly increase the Company's costs, making the maintenance and development of existing and new mines less economically feasible, and any capital resources Wesdome utilizes for this purpose will reduce the resources available for its other operations and commitments. Although the Company accrues for future closure costs, it does not necessarily fully reserve cash in respect of these obligations or otherwise fund these obligations in advance. As a result, the Company may have significant cash costs when it is required to close and restore mine sites.

Dilution to Common Shares

As of December 31, 2018, there were stock options outstanding to purchase 6,082,388 common shares in the capital of the Company. The common shares issuable under these options, if fully exercised, would constitute approximately 5% of the Company's resulting share capital. The exercise of such options and the subsequent resale of such shares in the public market could affect the prevailing share market price and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional common shares and the Company may grant additional share purchase warrants and stock options.

The issuance of additional common shares from time to time may have a depressive effect on the price of the common shares of the Company. In addition, as a result of such additional common shares, the voting power of the Company's existing shareholders will be diluted.

Share Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price that would have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Additional Funding Requirements

Further exploration on, and development of, the Company's properties, will require additional capital. In addition, a positive production decision on any of the Company's development projects would require significant capital for project engineering and construction. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to either generate sufficient funds internally or to obtain financing through the joint venturing of projects, debt financing, equity financing or other means.

The Company does not have unlimited financial resources and there is no assurance that sufficient additional funding or financing will be available to the Company on acceptable terms, or at all, for further exploration or development of its properties or projects, or to fulfill its obligations under any applicable agreements. Failure to obtain such additional funding or financing could result in the delay or indefinite postponement of the exploration and development of the Company's properties, with the possible dilution or loss of such interests.

Long Term Debt

The Company's ability to make scheduled payments on, or refinance its finance lease obligations, depends on the Company's financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond its control. The Company may be unable to maintain a level of cash flows from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness.

If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, it could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness. The Company may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternatives may not allow the Company to meet its scheduled debt service obligations.

Impairment of Assets

In accordance with IFRS, the Company capitalizes certain expenditures relating to its mineral projects. From time to time, the carrying amounts of mining properties and plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the cash generating unit level.

Events that could, in some circumstances, lead to an impairment include, but are not limited to, changes to gold price or cost assumptions, changes to Mineral Reserve or Mineral Resource grades or the Company's market capitalization being less than the carrying amounts of its mining properties and plant and equipment.

The assessment requires the use of estimates and assumptions such as, but not limited to, long-term gold prices, foreign exchange rates, discount rates, future capital requirements, Mineral Reserve and Mineral Resource estimates, operating performance as well as the definition of cash generating units. It is possible that the actual fair value could be significantly different from those assumptions, and changes in the assumptions will affect the recoverable amount. In the absence of any mitigating valuation factors, the Company's failure to achieve its valuation assumptions or a decline in the fair value of its cash generating units or other assets may, over time, result in impairment charges.

If the Company determines that an asset is impaired, the Company will charge against earnings any difference between the carrying amount of the assets and the estimated fair value less cost to sell those assets. Any such charges could have a material adverse effect on the Company's results of operations.

Reliance on Management

The Company is heavily reliant on the experience and expertise of its executive officers. If any of these individuals should cease to be available to manage the affairs of the Company, its activities and operations could be adversely affected.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities in its search for, and the acquisition of, mineral properties as well as the recruitment and retention of qualified employees with technical skills and experience in the mining industry. There can be no assurance that the Company will be able to compete successfully with others in acquiring mineral properties, obtaining adequate financing, and continuing to attract and retain skilled and experienced employees. Existing or future competition in the mining industry could materially adversely affect the Company's business and prospects for mineral exploration and success in the future.

Skilled Employees

Many of the projects undertaken by the Company rely on the availability of skilled labour and the capital outlays required to employ such labour. The Company employs full and part time employees, contractors and consultants to assist in executing operations and providing technical guidance. In the event of a skilled labour shortage, various projects of the Company may not become operational due to increased capital outlays associated with labour. Further, a skilled labour shortage could result in operational issues such as production shortfalls and higher mining costs.

Information Systems

Although the Company has not experienced any material losses to date relating to cyberattacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In compliance with the Canadian Securities Administrators' Regulation we have filed certificates signed by the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") that, among other things, report on the design and operating effectiveness of disclosure controls and procedures and the design and operating effectiveness of internal controls over financial reporting.

Disclosure Controls and Procedures

The CEO and the CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

(i) material information relating to the Corporation has been made known to them; and

(ii) information required to be disclosed in the Corporation's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design of our disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are effectively designed.

Internal Control over Financial Reporting

The CEO and the CFO have also designed internal controls over financial reporting ("**ICFR**") or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

An evaluation was carried out, under the supervision of the CEO and the CFO and with the help of external consultants, of the design and operating effectiveness of our ICFR. Based on this evaluation, the CEO and the CFO concluded that the internal controls over financial reporting were effectively designed and operating effectively, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") on Internal Control – Integrated Framework (2013 Framework).

Changes in Internal Controls over Financial Reporting

No changes were made to our internal controls over financial reporting that occurred in Q4 2018, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

RESPONSIBILITY FOR TECHNICAL INFORMATION

The technical and scientific information relating to exploration activities disclosed in this document was prepared under the supervision of and verified and reviewed by Marc-André Pelletier, P. Eng., Chief Operating Officer of Wesdome, and Michael Michaud, P.Geo., Vice President, Exploration of Wesdome, both and a "**Qualified Persons**" as defined in NI 43-101.

Data verification involves data input and review by senior project geologists at site, scheduled weekly and monthly reporting to senior exploration management and the completion of project site visits by senior exploration management to review the status of ongoing project activities and data underlying reported results. All drilling results for exploration projects or supporting resource and reserve estimates referenced in this MD&A have been previously reported in news releases disclosures by the Company, and have been prepared in accordance with NI 43-101 Standards of Disclosure for Mineral Projects. The sampling and assay data from drilling programs are monitored through the implementation of a quality assurance - quality control ("**QA-QC**") program designed to follow industry best practice.

INFORMATION CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

The mineral reserve and resource estimates were prepared in accordance with NI 43-101 as required by Canadian securities regulatory authorities. For United States reporting purposes, the United States Securities and Exchange Commission ("**SEC**") applies different standards in order to classify mineralization as a reserve. In particular, while the terms "measured," "indicated" and "inferred" mineral resources are required pursuant to NI 43-101, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories constitute or will ever be converted into reserves. In addition, "inferred" mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities laws, issuers must not make any disclosure of results of an economic analysis that includes inferred mineral resources, except in rare cases.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical fact, constitute "forward-looking statements" and are based on expectations, estimates and projections as of the date of this MD&A. The words – "believe", "expect", "anticipate", "plan", "intend", "continue", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. The Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Wesdome to be materially different from the Company's estimated future results, performance or achievements expressed or implied by the forward-looking statements and the forward-looking statements are not guarantees of future performance. Factors that could cause results or events to differ materially from current expectations expressed or implied are inherent to the gold mining industry and include, but are not limited to, those discussed in the section entitled "Risks and Uncertainties". The Company does not intend and does not assume any obligation to update these forward-looking statements, whether as a result of new information, future events or results or otherwise except as required by applicable laws.

RISK FACTORS

Refer to the risk factors described in the Company's 2018 Annual Information Form filed on SEDAR at www.sedar.com.