



WESDOME GOLD MINES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Third Quarter
September 30, 2018

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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") interim condensed consolidated financial statements for the three months and nine months ended September 30, 2018 and 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 November 8, 2018.

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
Q3 2018	<i>July 1, 2018 – September 30, 2018</i>	Q3 2017	<i>July 1, 2017 – September 30, 2017</i>
Q2 2018	<i>April 1, 2018 – June 30, 2018</i>	Q2 2017	<i>April 1, 2017 – June 30, 2017</i>
Q1 2018	<i>January 1, 2018 – March 31, 2018</i>	Q1 2017	<i>January 1, 2017 – March 31, 2017</i>
Q4 2017	<i>October 1, 2017 – December 31, 2017</i>	Q4 2016	<i>October 1, 2016 – December 31, 2016</i>
YTD 2018	<i>January 1, 2018 – September 30, 2018</i>	YTD 2017	<i>January 1, 2017 – September 30, 2017</i>

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

Q3 2018 HIGHLIGHTS AND ACHIEVEMENTS

Operations and Financial Highlights	Comparison to Q3 2017
<p>Gold production of 19,795 ounces from the Eagle River Complex.</p> <p>YTD 2018 gold production of 54,371 ounces.</p>	<ul style="list-style-type: none"> • 15,493 ounces produced in Q3 2017 and 43,185 ounces produced YTD 2017. • Production in Q3 2018 increased by 28% over the same period in 2017 as a result of a 37% improvement in ore grade and a 5% increase in throughput for the Eagle River underground mine. • A year-to-date increase of 26% in production compared to YTD 2017.
Cash costs of \$815 (US\$624) per ounce of gold sold ¹.	\$1,013 (US\$809) per ounce.
AISC ¹ of \$1,160 (US\$888) per ounce.	\$1,446 (US\$1,154) per ounce.
Earned mine profit ¹ of \$13.9 million.	\$7.9 million.
Operating cash flow of \$12.8 million or \$0.10 per share ¹.	\$3.5 million or \$0.03 per share.
Free cash flow of \$2.1 million or \$0.02 per share ¹.	Outflow of \$6.5 million or \$0.05 per share.
<p>Net income attributable to shareholders of \$3.6 million or \$0.03 per share.</p> <p>Adjusted net income ¹ of \$3.6 million or \$0.03 per share.</p>	Net income of \$0.3 million or nil, on a per share basis. Adjusted net earnings of \$1.9 million or \$0.01 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	<ul style="list-style-type: none"> 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 19% of the current mineral reserves and will continue to be the focus of mining development in Q4 2018 and into 2019. Mine development is being completed to provide drilling platforms on the 750 and 925 m-levels to further define and explore extensions of the 300E and 7 zones as well as test the potential intersection of the No Name Lake zone with the mine diorite. A 10,000 m surface drilling program has commenced with 2 drills 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	<ul style="list-style-type: none"> Drilling of the Kiena Deep - A Zone is ongoing with 4 drill rigs. Recent 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. Recent drilling continued to extend the zone of mineralization down plunge to the southeast. Following the continued success of the ongoing diamond drill program, the Company extended the current exploration platforms by a total of 450 m. Recent 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. Recent drilling has now extended the A zone up to 600 m down plunge, and based on limited historic drilling, is interpreted to extend an additional 600 m up plunge to intersect the VC zone. This could significantly expand the potential resource base of the A Zone and will be the focus of drilling this year and into 2019. An updated mineral resource estimate is on schedule to be completed in Q4 2018.

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.

During Q3 2018, Wesdome realized an average gold price of \$1,571 (US\$1,202) per ounce as compared to \$1,619 (US\$1,293) per ounce realized in Q3 2017. The market price for gold in the third quarter of 2018 averaged at US\$1,213 per ounce (Canadian dollar equivalent of \$1,585 per ounce (2017 - US\$1,278 or Canadian dollar \$1,601 per ounce)). The future gold price volatility is expected to be impacted by the uncertainty surrounding the US dollar's direction in 2018 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 as at or during the three months and nine months ended September 30, 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	Guidance	Achieved Year-to-Date
Gold production		
Eagle River	64,000 – 67,000 ounces	50,602 ounces
Mishi	6,000 – 8,000 ounces	3,769 ounces
	70,000 – 75,000 ounces	54,371 ounces
Head grade (g/t Au)		
Eagle River	11.3 – 11.7	12.2
Mishi	2.0 – 2.3	2.3
Cash cost per ounce ¹	\$925 - \$1,000 (US\$720 – US\$770)	\$894 US\$695
AISC per ounce ¹	\$1,350 - \$1,425 (US\$1,050 – US\$1,100)	\$1,243 US\$965

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	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16
Financial results								
Revenues ^{3,4}	28,920	31,443	26,217	31,544	21,165	23,248	20,100	22,166
Mine operating profit ¹	13,898	14,957	10,774	11,606	7,921	5,883	6,127	5,931
Net income (loss)	3,631	5,725	2,859	(567)	296	863	695	1,600
Net income adjusted ¹	3,631	5,725	2,859	3,357	1,883	863	695	1,600
Operating cash flow	12,823	12,422	12,423	13,468	3,541	5,898	4,318	7,663
Free cash flow ¹	2,137	1,962	3,216	4,981	(6,517)	(4,619)	(5,942)	(2,723)
Per share information:								
Net earnings (loss)	0.03	0.04	0.02	0.00	0.00	0.01	0.01	0.01
Adjusted net earnings	0.03	0.04	0.02	0.03	0.01	0.01	0.01	0.01
Operating cash flow ¹	0.10	0.09	0.09	0.10	0.03	0.04	0.03	0.06
Free cash flow ¹	0.02	0.01	0.02	0.04	(0.04)	(0.03)	(0.04)	(0.02)
Selected Financial Statement data:								
Cash and cash equivalents	30,714	26,719	26,460	22,092	16,614	22,681	29,593	26,760
Working capital	14,982	14,521	12,742	12,944	12,934	17,815	20,514	15,561
Total assets	203,388	193,019	189,072	179,913	170,314	168,434	168,671	162,914
Total non-current liabilities	23,040	23,056	21,112	21,475	14,920	15,389	15,047	14,703
Operational results								
Milling (tonnes)								
Eagle River	46,777	43,378	44,480	39,291	44,421	34,960	38,578	42,607
Mishi	4,076	25,233	32,846	38,197	38,638	39,117	36,641	30,714
Throughput ²	50,854	68,610	77,326	77,488	83,058	74,077	75,219	73,321
Total tonnes/calendar day	553	753	859	842	903	814	836	797
Head grades (g/t Au)								
Eagle River	13.3	11.0	12.0	11.3	9.7	9.8	11.5	8.2
Mishi	3.4	2.7	1.8	2.3	2.0	1.8	1.7	1.6
Recovery (%)								
Eagle River	96.9	96.2	95.4	94.3	96.1	96.3	95.3	94.6
Mishi	80.9	83.6	81.6	81.4	87.2	83.1	80.9	81.6
Production (ounces) ²								
Eagle River	19,437	14,767	16,398	13,499	13,313	10,597	13,588	10,595
Mishi	358	1,860	1,550	2,298	2,181	1,932	1,574	1,292
Total gold produced	19,795	16,628	17,948	15,797	15,494	12,529	15,162	11,887
Gold sales (ounces)	18,401	18,573	15,430	19,351	13,069	13,030	12,320	13,490
Mishi								
Ore mined (tonnes)	9,092	21,699	44,036	42,447	36,916	50,634	40,237	45,311
Waste mined (tonnes)	100,391	78,974	109,130	70,273	95,978	136,719	159,854	144,692
Strip ratio	11.0	3.6	2.5	1.7	2.6	2.7	4.0	3.2
Stockpile balance (tonnes)	9,222	1,631	14,584	16,956	9,938	13,587	6,355	9,979

In 000s, except per units and per share amounts	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16
Per ounce of gold sold ¹								
Average realized price	1,571	1,692	1,698	1,618	1,619	1,715	1,631	1,655
Cash costs	815	886	999	1,019	1,013	1,264	1,134	1,215
Cash margin	756	806	699	599	606	451	497	440
AISC ¹	1,160	1,242	1,342	1,284	1,446	1,718	1,613	1,631
Production costs/tonne milled ¹	283	225	208	206	182	215	213	206
Average 1 USD → CAD exchange rates	1.3070	1.2911	1.2647	1.2712	1.2528	1.3449	1.3236	1.3344
Cost Metrics (in USD)								
Cash costs ¹	624	686	790	801	809	940	857	911
AISC ¹	888	962	1,061	1,010	1,154	1,277	1,219	1,222

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 YTD 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).

Q3 2018 OPERATION AND FINANCIAL REVIEW

In \$000s	Three months ended September 30		Increase/ decrease	Nine months ended September 30		Increase/ decrease
	2018	2017		2018	2017	
Ore milled (tonnes)						
Eagle River	46,777	44,421	5%	134,635	117,959	14%
Mishi	4,076	38,638	(89)%	62,155	114,396	(46)%
Throughput	50,854	83,058	(39)%	196,790	232,355	(15)%
Head Grade (g/t Au)						
Eagle River	13.3	9.7	37%	12.2	10.3	18%
Mishi	3.4	2.0	70%	2.3	1.8	27%
Recoveries (percent)						
Eagle River	96.9	96.1	1%	96.2	95.9	0%
Mishi	80.9	87.2	(7)%	82.5	84.9	(3)%
Gold production (ounces)						
Eagle River	19,437	13,313	46%	50,602	37,498	35%
Mishi	358	2,181	(84)%	3,769	5,687	(34)%
	19,795	15,493	28%	54,371	43,185	26%
Gold Sold (ounces)	18,401	13,069	41%	52,404	38,419	36%

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

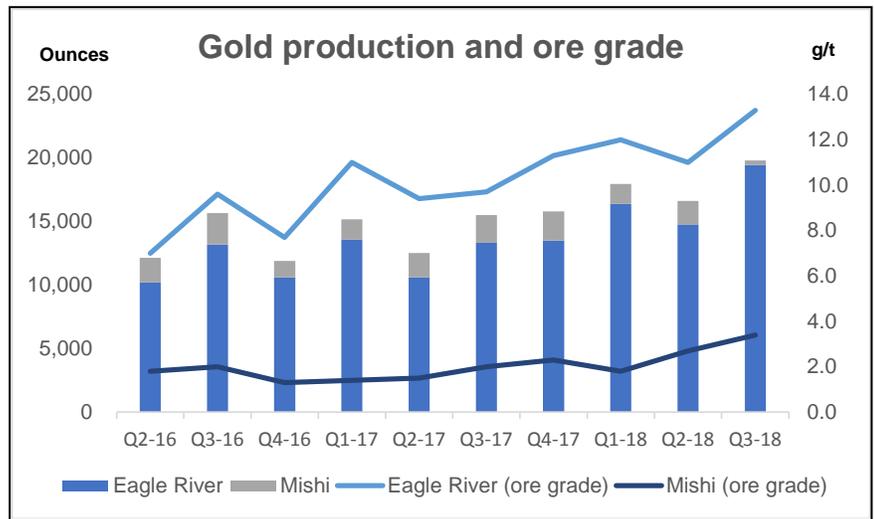


Production Review

Q3 2018 as compared to Q3 2017

Production at Eagle River in Q3 2018 of 19,437 ounces of gold increased by 46% when compared to Q3 2017, due to a 37% improvement in head grade and a 5% increase in ore feed.

Head grade at Eagle River for the quarter of 13.3 g/t surpassed the reserve grade of 12.2 g/t for the mine as a result of mining the 864-303 stope where the muck sample head grade averaged 38.5 g/t (7,100 t). Head grades at Eagle River, achieved year-to-date, were between 12.0 g/t and 13.0 g/t, which are in line with the reserve grades for the mine. 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, and strong ore development improving production flexibility.



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 three underground drills fully manned, thereby giving encouragement to the addition of underground workplaces, which will ultimately result in increased production. A fourth diamond drill has mobilized in October to further explore the potential on the east side of the mine.

The contribution of ore feed from Mishi in Q3 2018 was negligible (4,076 t) with grade of 3.4 g/t producing 358 ounces of gold. The head grade achieved at Mishi for the quarter was higher compared to Q3 2017 (3.4 g/t vs 2.0 g/t) as more selective mining is employed.

The combined throughput for the Eagle River Complex of 50,854 t for the quarter was lower by 39% when compared to Q3 2017 due to a 31 days planned shutdown at the mill for routine maintenance, for the repair of the coarse and fine ore bins and the installation of the Delta V system (PLC controls). The mill was fully functional on October 15, 2018. Higher grade ore from the Eagle mine was processed in priority over lower grade ore due to lower mill availability.

YTD 2018 as compared to YTD 2017

YTD gold production was 54,371 ounces compared to 43,185 ounces YTD 2017, which represent an increase of 26%. Higher underground tonnes processed (14%) combined with higher grade ore (18%) from the Eagle Mine explains the positive variance.

Summarized Financial Information

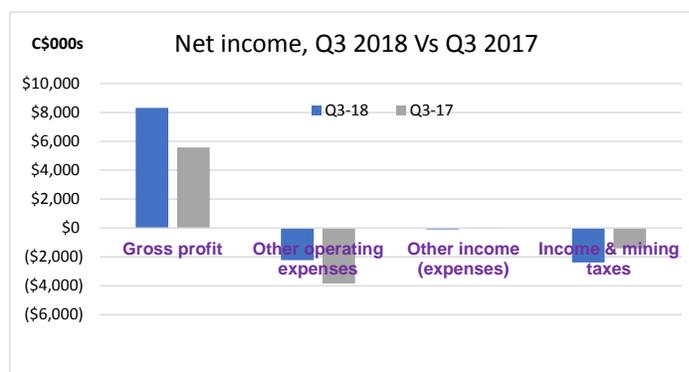
in \$000s	Three months ended September 30		Increase/ decrease	Nine months ended September 30		Increase/ decrease
	2018	2017		2018	2017	
Revenues	28,920	21,165	37%	86,580	64,513	34%
Costs and expenses						
Cost of sales	20,599	15,594	32%	59,768	50,448	18%
Corporate and general	1,429	909	57%	3,922	3,695	6%
Share-based payments	434	572	(24)%	2,265	2,258	0%
Kiena care and maintenance	353	200	77%	1,130	767	47%
Restructuring costs	-	2,159		-	2,159	
Write-off of mining equipment	-	-		290	-	
	<u>22,815</u>	<u>19,434</u>		<u>67,375</u>	<u>59,327</u>	
Operating income	6,105	1,731		19,205	5,186	
Other income (expenses)	<u>(94)</u>	<u>(34)</u>	(176)%	<u>724</u>	<u>(661)</u>	210%
Income before income and mining taxes	6,011	1,697		19,929	4,525	
Mining and income tax expense	<u>2,380</u>	<u>1,401</u>	70%	<u>7,714</u>	<u>2,671</u>	189%
Net income	<u>3,631</u>	<u>296</u>	1127%	<u>12,215</u>	<u>1,854</u>	559%
Operating cash flows	<u>12,823</u>	<u>3,541</u>	262%	<u>37,668</u>	<u>13,757</u>	174%
Free cash flows ¹	<u>2,137</u>	<u>(6,517)</u>	133%	<u>7,315</u>	<u>(17,078)</u>	143%

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

Financial Review, Q3 2018 as compared to Q3 2017

Net income for Q3 2018 were \$3.6 million or \$0.03 per share compared to a net income of \$0.3 million or nil, on a per share basis, for Q3 2017.

Adjusted net income ¹ for the quarter was \$3.6 million or \$0.03 per share as compared to \$1.9 million or \$0.01 per share in Q3 2017. 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



Revenues

In \$000s	Three months ended September 30		Increase/ decrease	Nine months ended September 30		Increase/ decrease
	2018	2017		2018	2017	
Revenues from operations						
Gold	28,898	21,165	37%	86,502	63,613	36%
Silver	22	-		78	-	
Kiena mill clean up	-	-		-	900	
	<u>28,920</u>	<u>21,165</u>	37%	<u>86,580</u>	<u>64,513</u>	34%

Wesdome generated \$28.9 million in revenue in Q3 2018 from the sale of 18,401 ounces of gold at an average realized price of \$1,571 (US\$1,202) per ounce; as compared to the sale of 13,069 ounces of gold at \$1,619 (US\$1,293) per ounce for revenue of \$21.2 million in Q3 2017. The 37% increase in sales revenues is the result of the increase in gold production.

At the end of the quarter, the Company received \$2.3 million from a counterparty in respect of 1500 ounces of gold sold and to be delivered in October 2018. This amount has been recorded as deferred revenue on the balance sheet.

Cost of Sales

In \$000s	Three months ended September 30		Increase/ decrease	Nine months ended September 30		Increase/ decrease
	2018	2017		2018	2017	
Cost of Sales						
Mining and processing costs						
Mining	8,361	8,118		25,430	24,604	
Processing	3,528	3,427		10,554	10,508	
Site administration and camp costs	4,249	3,724		12,375	10,525	
Change in inventories ¹	<u>(1,713)</u>	<u>(2,439)</u>		<u>(3,028)</u>	<u>(3,146)</u>	
	14,425	12,830		45,331	42,491	
Royalties	597	414		1,620	1,191	
Depletion and depreciation	<u>5,577</u>	<u>2,350</u>		<u>12,817</u>	<u>6,766</u>	
	<u>20,599</u>	<u>15,594</u>	32%	<u>59,768</u>	<u>50,448</u>	18%

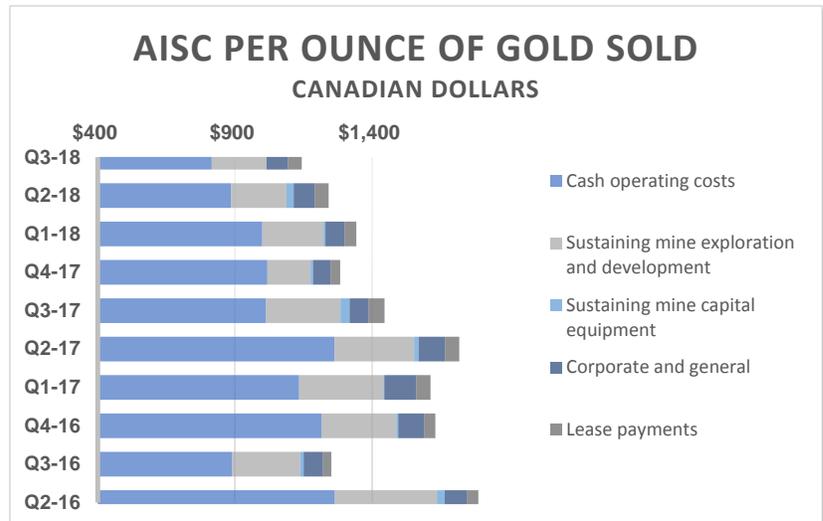
¹ Change in inventories for the three months and nine months ended September 30, 2018 includes adjustments to stockpile inventory of \$1.8 million and \$2.5 million, respectively (Q3 2017 – \$(0.1) million and YTD 2017 - \$(1.4) million, respectively).

Cost of sales of \$20.6 million in Q3 2018 increased by \$5.0 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 Q3 2018 increased by \$3.2 million when compared to Q3 2017 as a result of the increase in the asset base.

Mining and processing costs incurred in the quarter, before inventory adjustments, of \$16.1 million was 6% higher than Q3 2017, despite the 39% 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 Q3 2018 were \$815 (US\$624) and \$1,160 (US\$888) per ounce; as compared to operating cost and AISC per ounce of gold sold in Q3 2017 of \$1,013 (US\$809) and \$1,446 (US\$1,154), 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 Q3 2018 increased by 57% primarily due to increased corporate activities, due to the implementation of the “fit for work” program in 2018; and the increase in technical and administrative staffs at the corporate level. The corporate and general expenditure level is expected to be between \$1.3 million and \$1.5 million on a quarterly basis, representing a slight increase from the previous estimates.

Share-based payments

In Q1 2018, the Company granted 1,742,327 stock options and 387,399 Restricted Share Units (“RSUs”) to its employees and officers under its 2017 Omnibus Equity Plan (“Plan”). Of the 1,742,327 stock options granted, 1,217,327 stock options have a three-year vesting term, with the first tranche vest on March 26, 2019; and the remaining 525,000 stock options vest immediately. The RSUs have also a three-year vesting term with the first tranche vest 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 nine months period ended September 30, 2018, the compensation expense recognized under the plan was \$0.4 million and \$2.3 million, respectively.

The fair value of the stock options and RSUs and DSUs awarded to employees, officers and directors that vest immediately or will eventually vest, determined as of the date of grant, is recognized as share-based compensation expense over the vesting period of the stock options and RSUs, with a corresponding increase to contributed surplus. The fair value of stock options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant (see note 12 to the financial statements for the assumptions used in these calculations) and the fair value of RSUs is the market value of the underlying shares as of the date of grant.

Kiena Care and Maintenance Costs

Care and maintenance costs at Kiena for Q3 2018 increased slightly primarily due to the increase in administrative support staffs at site. The Company anticipates the annual care and maintenance expenditures in annual 2018 to be approximately \$1.0 - \$1.5 million.

Tax Expense

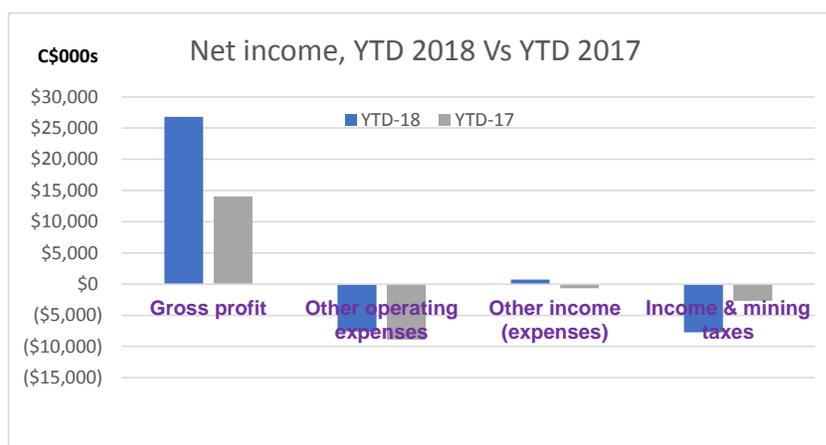
In \$'000s	Three months ended September 30		Increase/ decrease	Nine months ended September 30		Increase/ decrease
	2018	2017		2018	2017	
Mining and income tax expense						
Current	663	100		1,871	151	
Deferred	1,717	1,301		5,843	2,520	
	<u>2,380</u>	<u>1,401</u>	70%	<u>7,714</u>	<u>2,671</u>	189%

The effective tax rate for Q3 2018 was 39.6% as compared to 82.6% for Q3 2017. The Company anticipates an effective tax rate of 38.0% in 2018.

Financial Review, YTD 2018 as compared to YTD 2017

Net income and adjusted net income for the nine months ended September 30, 2018 were \$12.2 million or \$0.09 per share compared to a net income of \$1.9 million or \$0.01 per share, respectively for the same period in 2017. Adjusted net income for the nine months ended September 30, 2018 were \$12.2 million or \$0.09 per share compared \$3.4 million or \$0.03 per share for the same period in 2017.

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.



Revenue and expenses

Revenue

For the first nine months of 2018, Wesdome sold 52,404 ounces of gold at an average realized price of \$1,651 (US\$1,282) per ounce for revenue of \$86.5 million. Sales revenue increased by 36% when compared to the sale of 38,419 ounces of gold at \$1,656 (US\$1,265) per ounce for revenue of \$63.6 million for the same period in 2017. The increase in revenue is in line with the 36% increase in sales volume.

Cost of sales

The 18% or \$9.3 million increase in cost of sales for the first nine months of 2018 when compared to the same period in 2017 was due to: (i) a \$6.1 million increase in non-cash depreciation and depletion expense; and (ii) a \$2.8 million increase in mining and processing costs, which is primarily due to the increase in site administration costs as referred to under the Q3 2018 vs Q3 2017 financial review section in this MD&A.

Corporate and general

Corporate and general expenses for the first nine months in 2018 increased by 6% when compared to the same period in 2017, substantively due to increased corporate activities and the additions of technical and administrative staffs at the corporate level.

Share-based payments

Share-based payments for YTD 2018 and YTD 2017 were at similar level close to \$2.3 million. Due to the volatility in the Company's common share price, the non-cash annual expenditure level is expected to be closed to \$2.8 million for the full year.

Kiena Care and Maintenance Costs

Year-to-date site care and maintenance costs at Kiena increased by \$0.4 million from YTD 2017 due to the additions of site administrative support staffs and the increase in maintenance activities.

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 Q3 2018, the Company received a further \$0.3 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.

EAGLE RIVER COMPLEX

The Eagle River Complex produced 19,795 ounces of gold in Q3 2018 as compared to 15,493 ounces in Q3 2017. Year-to-date gold production of 54,371 ounces as compared to 43,185 ounces for the first nine months in 2017.

Eagle River Mill

The availability at the Eagle River Mill was 66.3% in Q3 2018 as compared to 95.3% in Q3 2017, due primarily to planned maintenance and upgrades.

The mill processed 50,854 tonnes or 553 tpd during Q3 2018 compared to 83,058 tonnes or 903 tpd in Q3 2017. The lower tonnage processed is mainly due to the maintenance shut down in the third quarter for 31 days long to repair the fine and the coarse ore bins and to install of the Delta V system (PLC controls). The mill recovery for

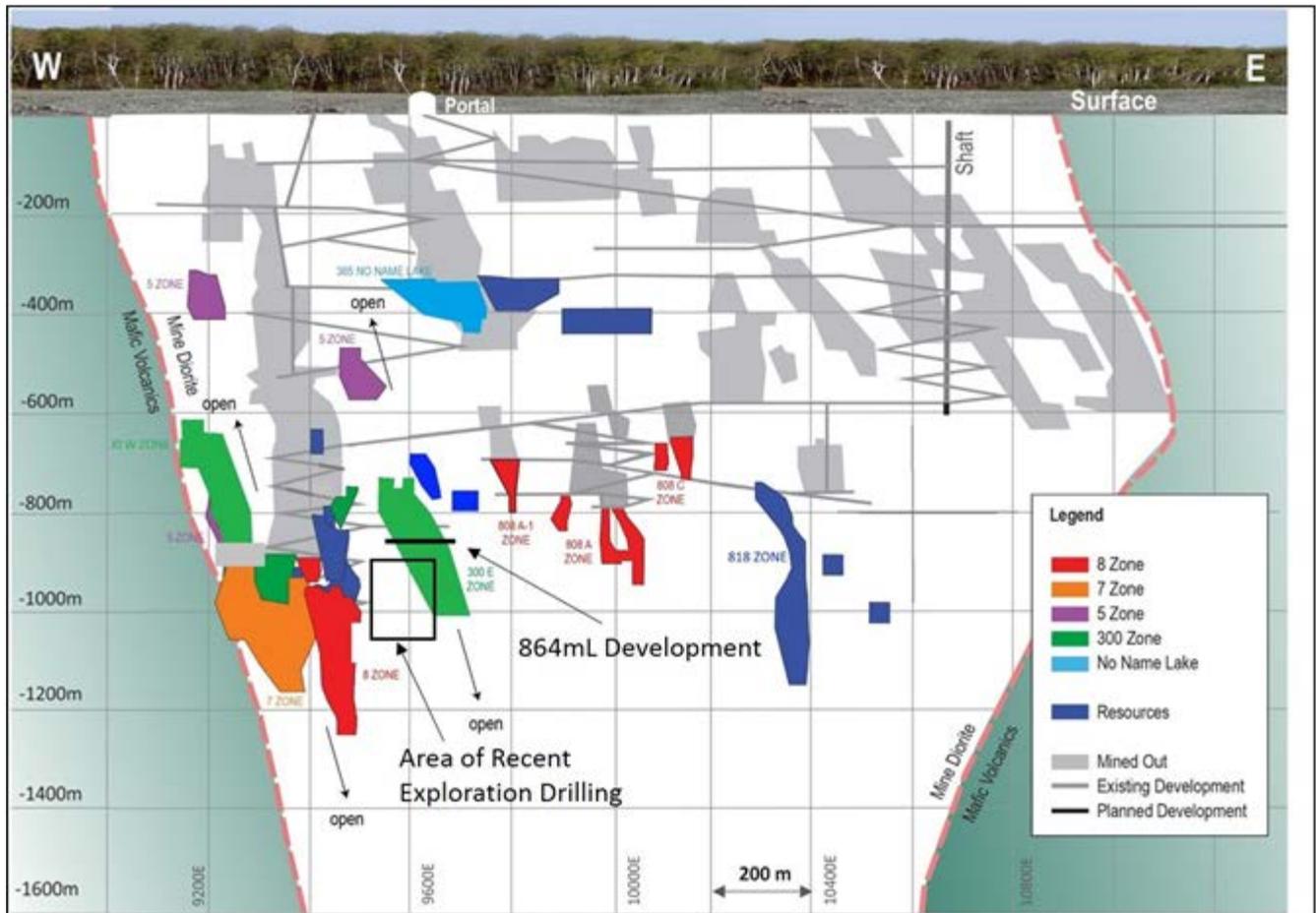


Eagle ore was 96.9% and 80.9% for Mishi ore during the third quarter. The target for the mill is to process an average of 850 tpd with targeted recoveries of 95% for Eagle ore and 85% for Mishi ore.

During Q3 2018, the mill upgraded the processing control system at a cost of \$0.3 million. The upgrade will allow a better control of the milling operations.

Eagle River Underground Mine

Development and drilling



7 Zone

Wesdome is continuing to develop and explore two parallel zones, the No. 7 and 300, located 200 m and 400 m north, respectively, of the main 8 Zone structure that has supported production of greater than one million ounces of gold over the last twenty years.

The 7 Zone was discovered in 2013 and accounts for 23% of the mine's reserve base at an average grade of 13.0 g/t Au. This zone, at current depths and up plunge, appears to be comprised of two mineralized areas along the zone that are separated by an area of lower grade mineralization. Based on drilling information thus far, these mineralized zones, referred to as the east and west zones, are interpreted to form one continuous zone that measures over 120 m along strike.

The production from the 1022 m-level continued in the third quarter of 2018. The main ramp reached the 1060 m-level and the development will continue in the fourth quarter toward the ore in the 711 zone. This zone remains

highly prospective, because there has been limited exploration along strike or up and down dip, therefore will remain a focus for 2018 exploration and development.

Subsequently, 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
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

*Assays cut to 125.0 g/t Au

The 7 Zone, which has now been traced with drilling and development over 350 m in the western portion of the mine, remains open, down plunge, and to the east where exploration is continuing.

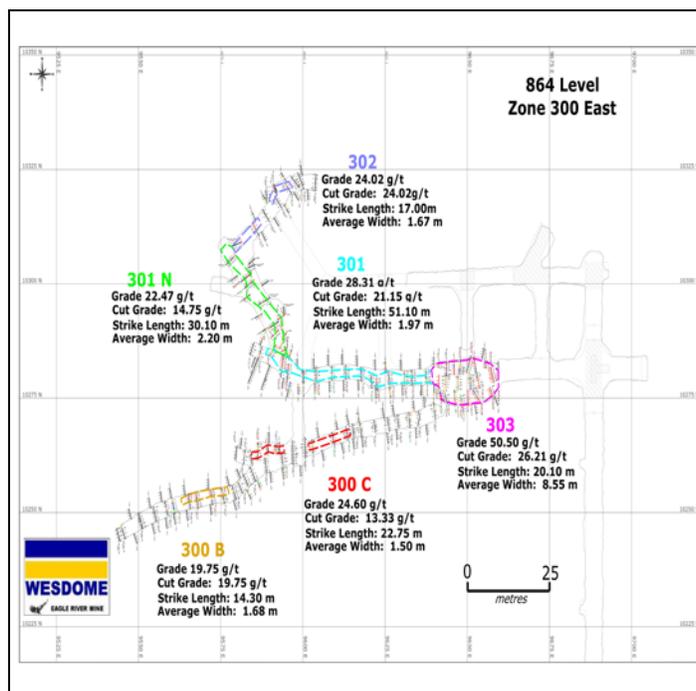
300 Zone

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.

Lateral development continued during Q3 2018 in the 300 zone via access from a vertical raise to prepare future production. A total of 5 sub levels



was established and will be further developed in the fourth quarter.

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 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 to the end of the year and into 2019.

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

- 844-E-174: 12.54 (12.54) g/t Au over 1.5 m
- 844-E-172 59.48 (65.23) g/t over 1.5 m
- 844-E-170 9.15 (9.15) g/t Au over 1.5 m

*grades cut to 140 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 is being 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. A total of 380 m of new development is underway to provide drill platforms for the planned 25,000 m of exploration drilling and 25,000 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 10,000 m surface drilling program has commenced with 2 drills Exploration drilling is continuing in the second half of the year 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.

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.

Proven and Probable Mineral Reserves at December 31, 2016 have a life-of-mine stripping ratio of 2.3 tonnes of waste per tonne of ore. The current open pit has a length of 400 m and a planned depth of 70 m. In 2015, definition drilling at 25 m centers extended mineralization over a total length of 1,300 m to the west. In 2017, the Company completed 30,000 m of diamond drill that returned positive results from two areas located 600 m and 1,700 m west of the existing open pit mining operations, respectively. The Company plans to update the Mineral Reserves and Mineral Resources at Mishi open pit at the end of 2018.

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. An independent National Instrument 43-101 ("**NI 43-101**") report dated December 16, 2015 for the first time assessed the exploration potential and known resources for the entire property. Measured and Indicated resources below a 100 m crown pillar total 2.5 million tonnes at 5.59 g/t Au for 449,000 ounces. Additional inferred resources below a 100 m crown pillar total 1,563,300 tonnes at a 7.97 g/t Au for 400,400 ounces.

Wesdome plans for and is on target to update the mineral resource estimate at the Kiena gold deposit by the end of the fourth quarter this year.

Kiena Deep A Zone

Drilling continues to trace the Kiena Deep mineralized system along an altered and deformed north-northwest trending ("**NNW**") basalt-komatiite contact zone in order to better define the known mineralization and possible extensions, and also to identify new zones. Visible gold was observed in the majority of the drill holes within predominantly shear zone hosted quartz veins. The drilling has confirmed the continuity of the mineralized zones, and the dip of the contact is now interpreted to shallow to the east and provides additional potential for down plunge mineralization along the bend or "kink" in the hosting shear zone. This area remains open along strike and down dip and remains a focus for ongoing. Additionally, drilling has identified a well-defined plunge, that extrapolated up plunge into areas of historical drilling, indicates that the mineralization could extend up plunge an additional 250 m, while the down plunge and down dip extensions of the zone remain open.

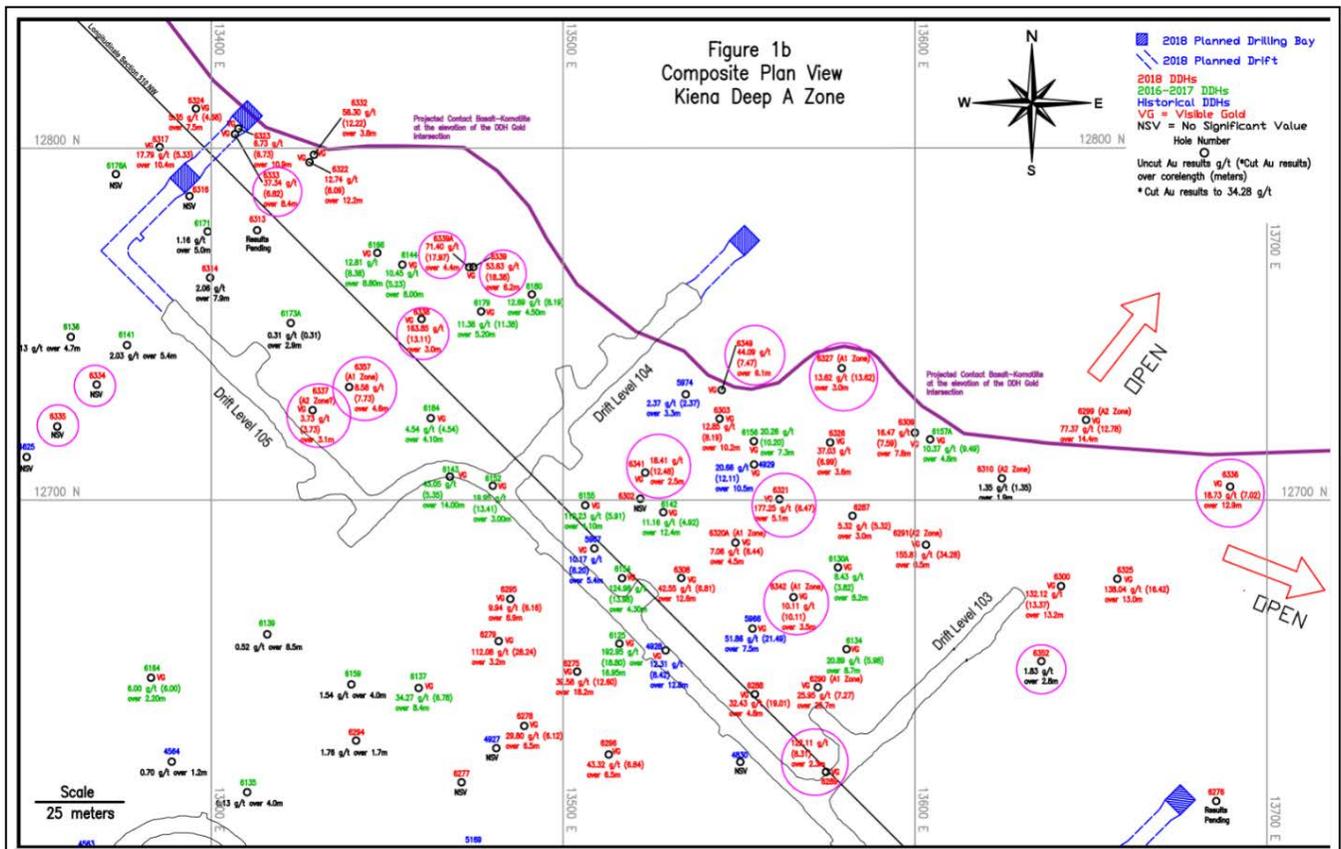
Highlights of recent drilling includes:

	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



	Uncut Grade (g/t Au)	Core length (m)	Cut Grade (g/t Au)	True width (m)	News Release Date
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
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

1. All assays cut to 34.28 g/t Au. True widths are estimated.
2. 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 is extending the current exploration ramp by 450 m at a cost of \$2.4 million. A total of 337 m of additional development have been completed in Q3 2018, and is expected to be completed at the end of October. 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.

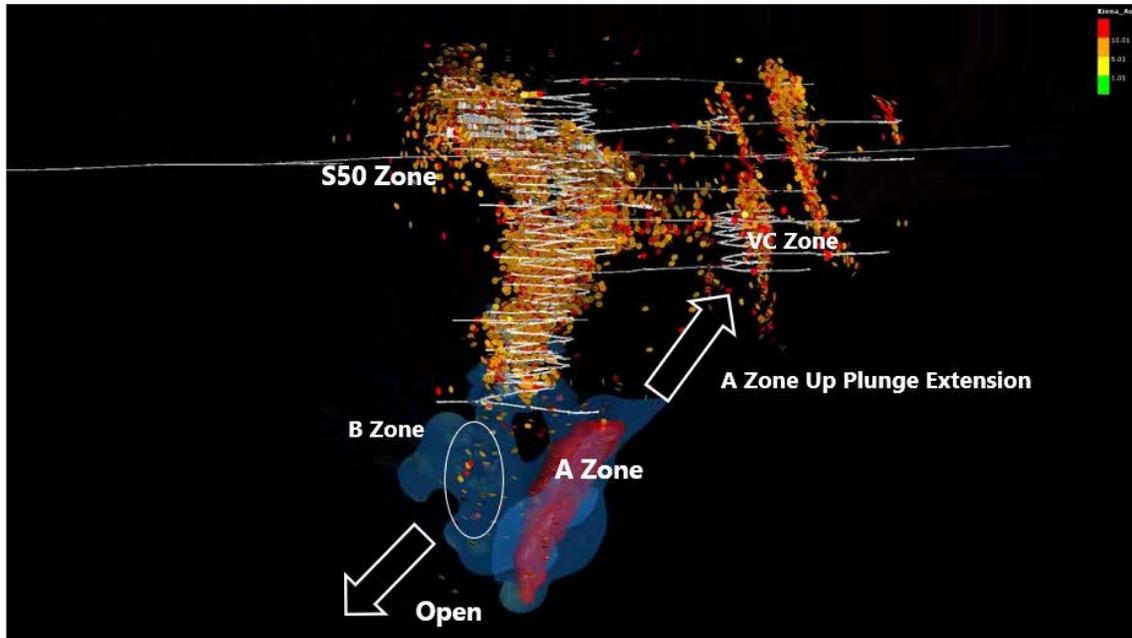
As this drill drift development continues, 4 drills are in operation on the A Zone and remain focused on definition drilling in advance on the resource estimate in the fourth quarter of 2018, with less focus on extension drilling along the margins of the mineralized zone. Since July 2018, a total of 18 holes totalling 5,200 m have been completed. The definition 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.

Since the beginning of 2018, approximately 2/3 of the planned 50,000 m of underground exploration drilling has been completed and focused most recently at the Kiena Deep - A Zone. Recent drilling 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. The recent drilling has defined this plunge extending from the 1,600 m elevation (1,400 m below surface vertically) to the 2,000 m elevation (1,000 m below surface). Extrapolating this well-defined zone up plunge is in good agreement with two historic holes. Drill-hole 6146 that returned 6.6 g/t over 11.0 m (core length) from a zone located over 100 m to the northwest of our current drilling and is interpreted to be the up plunge extension of the A Zone. Furthermore, drill-hole 5976 returned 7.3 g/t Au over 3.0 m (true width) at the 2,300 m elevation, or approximately 350 m vertically above our current drilling level and in excess of 300 m to the northwest of the currently defined A Zone. Both of these holes intersected quartz veining with visible gold proximal to the projected basalt – chlorite-carbonate schist boundary that is similar in character to the Kiena Deep - A Zone currently being drilled.

Drilling has now extended the A zone up to 600 m down plunge, and based on limited historic drilling, is interpreted to extend an additional 600 m up plunge to intersect the VC zone. This could significantly expand the potential resource base of the A Zone and will be the focus of drilling this year and into 2019.

An updated mineral resource estimate is on schedule to be completed in Q4 2018. The Q4 2018 mineral resource estimate will include all data as of October 12, 2018, which includes drilling over approximately 400 m of the potential 1 km of plunge length interpreted from limited drilling. This additional potential will be the focus of ongoing drilling and included in an updated resource estimate in 2019.

Kiena Deep A Zone Longitudinal Section



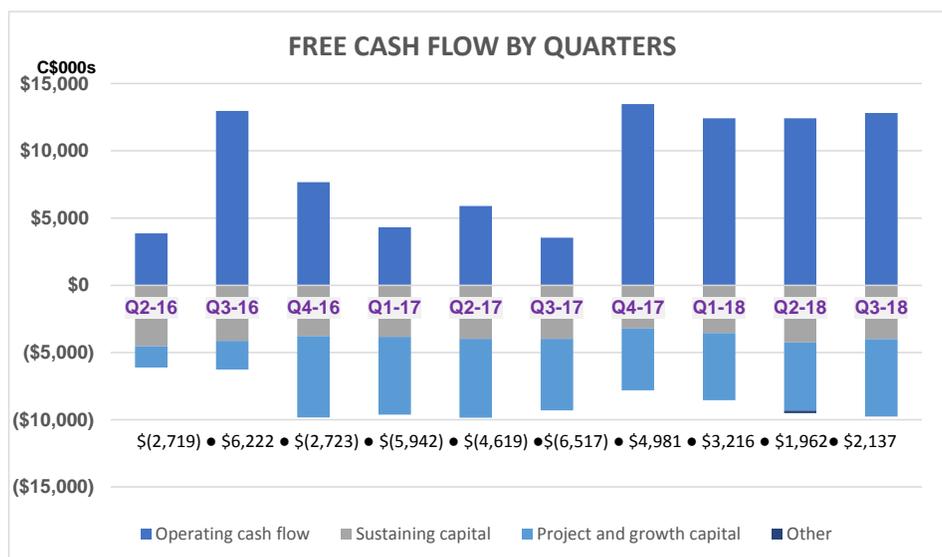
Additionally, the down plunge and portions of the down dip extension of the A zone remains open.

In addition, a high resolution airborne magnetic survey was completed earlier in the year covering the entire Kiena - Val-d'Or property and is being used to help geological understanding of the Kiena deposit and delineate potential gold bearing structural trends and aid in generating new drill targets.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, Wesdome had working capital of \$15.0 million compared to \$12.9 million at December 31, 2017. Cash and cash equivalent at September 30, 2018 were \$30.7 million as compared to \$22.1 million at the beginning of the year.

The increase of \$8.6 million in cash is primarily due to (i) the receipt of \$2.9 million in tax reassessment refunds (see section “**Litigation**” in this MD&A); (ii) the receipt of \$2.3 million in sales receipts from a counter party; and (iii) increase in gold production and mine profits¹.



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 profits¹ for the first nine months in 2018 were \$39.6 million as compared to \$19.9 million for same period in 2017. This has also led to the free cash inflow¹ for the first nine months in 2018 of \$7.3 million as compared with an outflow of \$17.1 million in the same period last year.

The following table identifies the significant movements in operating cash flow for the three and nine months ended September 30, 2018:

	Three months ended September 30		Increase/ decrease	Nine months ended September 30		Increase/ decrease
	2018	2017		2018	2017	
Operating cash flow, previous period	12,422	5,898	111%	13,468	7,663	76%
Increase (decrease) in cash margin from mine operations	(1,115)	2,038		27,966	14,000	
Gold recovery from Kiena mill clean up	-	(900)		-	1,055	
Increase in other operating expenditures	12	592		(3,418)	(2,489)	
Restructuring costs	-	(2,159)		-	(2,159)	
Mining and income tax payments (recovery)	-	(49)		(122)	(151)	
NIER Program	(1,032)	-		1,032	-	
Net change in working capital balances	2,528	(1,630)		(1,513)	(5,118)	
Other	8	(249)		255	956	
Net increase in operating cash flows	401	(2,357)	(117)%	24,200	6,094	297%
Operating cash flow, current period	12,823	3,541	262%	37,668	13,757	174%

Capital and exploration and evaluation expenditures incurred in the quarter totaled \$9.8 million as compared to \$9.2 million for the comparable period in 2017. A breakdown of the capital expenditures for the three months and the nine months ended September 30, 2018 and 2017 are as follows:

In \$000s	Three months ended September 30		Increase/ decrease	Nine months ended September 30		Increase/ decrease
	2018	2017		2018	2017	
Mining properties and plant and equipment						
Eagle River						
Capitalized exploration and development costs	3,677	3,544		10,871	11,109	
Mining equipment and infrastructure upgrades	317	350		922	670	
Project capital and other	-	-		125	-	
	<u>3,994</u>	<u>3,894</u>		<u>11,918</u>	<u>11,779</u>	
Corporate Office	28	-		93	-	
Additions to Mining properties	<u>4,022</u>	<u>3,894</u>	3%	<u>12,011</u>	<u>11,779</u>	2%
Exploration and evaluation expenditures						
Eagle River	-	380		-	3,013	
Kiena	5,721	3,527		15,743	9,804	
Moss Lake	12	1,410		53	4,141	
Additions to Exploration properties	<u>5,733</u>	<u>5,317</u>	8%	<u>15,796</u>	<u>16,958</u>	(7)%
Total capital investments	<u>9,755</u>	<u>9,211</u>	6%	<u>27,807</u>	<u>28,737</u>	(3)%

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, \$7.8 million were drawn under the equipment lease facility and \$2.1 million were drawn under the letter of credit facility as at September 30, 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 for the three and nine months ended September 30, 2018. The secured credit facility is currently under review by the bank.

On October 4, 2018, the Company established a \$3.4 million lease facility with another Canadian bank, of which approximately \$1.0 million was drawn prior to the end of the quarter.

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 October 31, 2018, the Company had securities outstanding as follows:

Shares outstanding	000s
Common shares issued	134,946
Common share purchase options	7,004
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 September 30, 2018:

In \$000s	Total	Within 1 year	1 - 2 Years	3 – 5 Years	Beyond 5 years
Payables and accruals ¹	\$15,666	\$15,666			
Mining and income tax payable	1,849	1,849			
Finance leases	8,844	4,174	3,151	1,519	
Operating leases	2,051	550	465	1,036	
Purchase commitments ²	3,028	3,028			
Decommissioning liabilities	12,924		7,027		5,897
	\$44,362	\$25,267	\$10,643	\$2,555	\$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, YTD 2018 vs YTD 2017).

² The Company anticipates that approximately 57% of the outstanding purchase commitments as at September 30, 2018 will be financed by capital 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	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	YTD 2018	YTD 2017
Revenues per financial statements	28,920	31,443	26,217	31,544	21,165	23,248	20,100	22,166	86,580	64,513
Gold revenue from Kiena mill clean up	-	-	-	-	-	(900)	-	155	-	(900)
Silver revenue from mining operations	(22)	(32)	(24)	(225)	-	-	-	-	(78)	-
Gold revenue from mining operations (a)	28,898	31,411	26,193	31,319	21,165	22,348	20,100	22,321	86,502	63,613
Ounces of gold sold (b)	18,401	18,573	15,430	19,351	13,069	13,030	12,320	13,490	52,404	38,419
Average realized price gold sold CAD (c) = (a) ÷ (b)	1,571	1,692	1,698	1,618	1,619	1,715	1,631	1,655	1,651	1,656
Average 1 USD → CAD exchange rate (d)	1.3070	1.2911	1.2647	1.2712	1.2528	1.3449	1.3236	1.3344	1.2878	1.3091
Average realized price gold sold USD (c) ÷ (d)	1,202	1,311	1,342	1,273	1,293	1,275	1,233	1,240	1,282	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	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	YTD 2018	YTD 2017
Cost of sales per financial statements	20,599	20,405	18,764	23,780	15,594	18,736	16,118	18,188	59,768	50,448
Depletion and depreciation	(5,577)	(3,919)	(3,321)	(3,842)	(2,350)	(2,271)	(2,145)	(1,798)	(12,817)	(6,766)
Silver revenue from mining operations	(22)	(32)	(24)	(225)	-	-	-	-	(78)	-
Cash costs (a)	15,000	16,454	15,419	19,713	13,244	16,465	13,973	16,390	46,873	43,682
Ounces of gold sold (b)	18,401	18,573	15,430	19,351	13,069	13,030	12,320	13,490	52,404	38,419
Cash costs per ounce of gold sold (c) = (a) ÷ (b)	815	886	999	1,019	1,013	1,264	1,134	1,215	894	1,137
Average 1 USD → CAD exchange rate (d)	1.3070	1.2911	1.2647	1.2712	1.2528	1.3449	1.3236	1.3344	1.2878	1.3091
Cash costs per ounce of gold sold USD (c) ÷ (d)	624	686	790	801	809	940	857	911	695	869



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	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	YTD 2018	YTD 2017
Cost of sales per financial statements	20,599	20,405	18,764	23,780	15,594	18,736	16,118	18,188	59,768	50,448
Depletion and depreciation	(5,577)	(3,919)	(3,321)	(3,842)	(2,350)	(2,271)	(2,145)	(1,798)	(12,817)	(6,766)
Royalties	(597)	(484)	(539)	(424)	(414)	(349)	(428)	(334)	(1,620)	(1,191)
Inventory adjustments	(47)	(570)	1,184	(3,530)	2,316	(200)	2,470	(944)	567	4,586
Mining and processing costs, before inventory adjustments	14,378	15,432	16,088	15,984	15,146	15,916	16,015	15,112	45,898	47,077
Ore milled (tonnes) (b)	50,854	68,610	77,326	77,488	83,059	74,077	75,219	73,321	196,790	232,355
Production costs per tonne milled (a) ÷ (b)	283	225	208	206	182	215	213	206	233	203



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.

Mine profit												
In 000s, except per unit amounts	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	YTD 2018	YTD 2017		
Gold revenue from mining operations (per above)	28,898	31,411	26,193	31,319	21,165	22,348	20,100	22,321	86,502	63,613		
Cash costs (per above)	15,000	16,454	15,419	19,713	13,244	16,465	13,973	16,390	46,873	43,682		
Mine profit	13,898	14,957	10,774	11,606	7,921	5,883	6,127	5,931	39,629	19,931		
Per ounce of gold sold (Canadian dollar):												
Average realized price (a)	1,571	1,692	1,698	1,618	1,619	1,715	1,631	1,655	1,651	1,656		
Cash costs (b)	815	886	999	1,019	1,013	1,264	1,134	1,215	894	1,137		
Cash margin (a) – (b)	756	807	699	600	606	451	497	440	757	519		

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.

All-in sustaining costs per ounce of gold										
In 000s, except per unit amounts	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	YTD 2018	YTD 2017
Cost of sales, per financial statements	20,599	20,405	18,764	23,780	15,594	18,736	16,118	18,188	59,768	50,448
Depletion and depreciation	(5,577)	(3,919)	(3,321)	(3,842)	(2,350)	(2,271)	(2,145)	(1,798)	(12,817)	(6,766)
Silver revenue from mining operations	(22)	(32)	(24)	(225)	-	-	-	-	(78)	-
Cash costs	15,000	16,454	15,419	19,713	13,244	16,465	13,973	16,390	46,873	43,682
Sustaining mine exploration and development	3,677	3,744	3,450	3,053	3,545	3,779	3,785	3,692	10,871	11,109
Sustaining mine capital equipment	317	499	106	162	434	213	42	86	922	689
Corporate and general	1,429	1,416	1,077	1,248	909	1,355	1,431	1,278	3,922	3,695
Lease payments	931	956	659	674	762	672	645	554	2,546	2,079
All-in Sustaining costs (AISC) (a)	21,354	23,069	20,711	24,850	18,894	22,484	19,876	22,000	65,134	61,254
Ounces of gold sold (b)	18,401	18,573	15,430	19,351	13,069	13,030	12,320	13,490	52,404	38,419
AISC (c) = (a) ÷ (b)	1,160	1,242	1,342	1,284	1,446	1,726	1,613	1,631	1,243	1,594
Average 1 USD → CAD exchange rate (d)	1.3070	1.2911	1.2647	1.2712	1.2528	1.3449	1.3236	1.3344	1.2878	1.3091
AISC USD (c) ÷ (d)	888	962	1,061	1,010	1,154	1,283	1,219	1,222	965	1,218



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.

Free cash flow and operating and free cash flow per share										
In 000s, except per share amounts	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	YTD 2018	YTD 2017
Net cash provided by operating activities per financial	12,823	12,422	12,423	13,468	3,541	5,898	4,318	7,663	37,668	13,757
Sustaining mine exploration and development	(3,677)	(3,744)	(3,450)	(3,053)	(3,545)	(3,779)	(3,785)	(3,692)	(10,871)	(11,109)
Sustaining mine capital equipment	(317)	(499)	(106)	(162)	(434)	(213)	(42)	(86)	(922)	(689)
Leasehold improvements and fixtures	(28)	(65)	-	-	-	-	-	-	(93)	-
Capitalized exploration and evaluation expenditures	(5,733)	(5,071)	(4,992)	(4,598)	(5,317)	(5,853)	(5,788)	(6,054)	(15,796)	(16,958)
Surface exploration at Eagle River	-	(125)	-	-	-	-	-	-	(125)	-
Lease payments	(931)	(956)	(659)	(674)	(762)	(672)	(645)	(554)	(2,546)	(2,079)
Free cash flows (a)	2,137	1,962	3,216	4,981	(6,517)	(4,619)	(5,942)	(2,723)	7,315	(17,078)
Weighted number of shares (000s) (b)	134,754	134,276	134,132	133,890	133,888	133,000	130,658	130,205	134,390	132,527
Per Share data										
Operating cash flow (c) ÷ (b)	0.10	0.09	0.09	0.10	0.03	0.04	0.03	0.06	0.28	0.10
Free cash flow (a) ÷ (b)	0.02	0.01	0.02	0.04	(0.05)	(0.03)	(0.05)	(0.02)	0.05	(0.13)



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.

Net income (adjusted) and Net earnings per share (adjusted)										
<i>In 000s, except per share amounts</i>	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	YTD 2018	YTD 2017
Net income (loss) per financial statements	3,631	5,725	2,859	(567)	296	863	695	1,600	12,215	1,854
Adjustment for restructuring costs:	-	-	-	-	2,159	-	-	-	-	2,159
Related income tax effect	-	-	-	-	(572)	-	-	-	-	(572)
Recognition of mining taxes	-	-	-	3,924	-	-	-	-	-	-
	-	-	-	3,924	1,587	-	-	-	-	1,587
Net income adjusted (a)	3,631	5,725	2,859	3,357	1,883	863	695	1,600	12,215	3,441
Weighted number of shares (000s) (b)	134,754	134,276	134,132	133,890	133,888	133,000	130,658	130,205	134,390	132,527
Per Share data										
Net adjusted earnings (a) ÷ (b)	0.03	0.04	0.02	0.03	0.01	0.01	0.01	0.01	0.09	0.03



ACCOUNTING MATTERS

Basis of presentation

The condensed interim consolidated financial statements of Wesdome for the three months and nine months ended September 30, 2018 have been prepared in accordance with International Accounting Standard 34 – “*Interim Financial Reporting*” (“**IAS 34**”) using accounting policies consistent with IFRS. Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2017.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s consolidated financial statements for the year ended December 31, 2017.

The preparation of condensed interim consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year. The critical judgments and estimates applied in the preparation of the Company’s condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 3 to the Company’s consolidated financial statements for the year ended December 31, 2017.

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) 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 Q3 2018 and YTD 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 18 of the Company's unaudited condensed financial statements for the three months and nine months ended September 30, 2018 for a discussion of the factors that affects Wesdome.

RISKS AND UNCERTAINTIES

Risks and uncertainties related to economic and industry factors and the Company's approach to the management of these risks are discussed in detail in the 2017 annual MD&A for the year ended December 31, 2017.

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 effectiveness of disclosure controls and procedures and the design and 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 of our ICFR. Based on this evaluation, the CEO and the CFO concluded that the internal controls over financial reporting were effectively designed, 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 Q3 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 2017 Annual Information Form filed on SEDAR at www.sedar.com.

