



WESDOME GOLD MINES LTD.

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021

TABLE OF CONTENTS

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	1
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME	2
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	3
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS	4
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	5
1. DESCRIPTION OF BUSINESS	5
2. BASIS OF PRESENTATION	5
3. NEW ACCOUNTING POLICIES.....	6
4. ACCOUNTING PRONOUNCEMENTS.....	7
5. SALE OF MOSS LAKE EXPLORATION PROPERTIES.....	8
6. SEGMENT INFORMATION.....	9
7. RECEIVABLES AND PREPAIDS	10
8. SHARE CONSIDERATION RECEIVABLE.....	10
9. INVENTORIES.....	11
10. RESTRICTED CASH.....	11
11. MINING PROPERTIES, PLANT AND EQUIPMENT	12
12. REVERSAL OF IMPAIRMENT	13
13. MINES UNDER DEVELOPMENT	13
14. EXPLORATION PROPERTIES	14
15. INVESTMENT IN ASSOCIATE	14
16. PAYABLES AND ACCRUALS.....	15
17. LEASE LIABILITIES	15
18. DECOMMISSIONING PROVISIONS	16
19. CAPITAL STOCK	17
20. STOCK-BASED COMPENSATION.....	17
21. EARNINGS PER SHARE	20
22. REVENUES	21
23. COST OF SALES	21
24. INTEREST AND OTHER.....	21
25. SUPPLEMENTAL CASH FLOW INFORMATION	22
26. FINANCIAL INSTRUMENTS.....	22

Wesdome Gold Mines Ltd.
Condensed Interim Consolidated Statements of Financial Position

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	As at September 30, 2021	As at December 31, 2020
Assets			
Current			
Cash and cash equivalents		\$ 69,473	\$ 63,480
Receivables and prepaids	7	12,690	8,974
Share consideration receivable	8	4,930	-
Inventories	9	17,780	12,451
Total current assets		<u>104,873</u>	<u>84,905</u>
Restricted cash	10	657	657
Deferred financing costs	17	840	827
Mining properties, plant and equipment	11	203,053	128,670
Mines under development	13	179,029	-
Exploration properties	14	10,826	143,524
Share consideration receivable	8	13,585	-
Investment in associate	15	19,451	-
Total assets		<u>\$ 532,314</u>	<u>\$ 358,583</u>
Liabilities			
Current			
Payables and accruals	16	\$ 38,823	\$ 21,123
Income and mining tax payable		3,961	3,481
Current portion of lease liabilities	17	6,466	5,901
Total current liabilities		<u>49,250</u>	<u>30,505</u>
Lease liabilities	17	7,753	5,604
Deferred income and mining tax liabilities		75,259	37,354
Decommissioning provisions	18	21,832	22,270
Total liabilities		<u>154,094</u>	<u>95,733</u>
Equity			
Equity attributable to owners of the Company			
Capital stock	19	184,849	179,540
Contributed surplus		6,279	6,472
Retained earnings		187,092	76,838
Total equity attributable to owners of the Company		<u>378,220</u>	<u>262,850</u>
		<u>\$ 532,314</u>	<u>\$ 358,583</u>

Commitments (Note 26)

On behalf of the Board:

/s/ Duncan Middlemiss
Director

/s/ Charles Main
Director



Wesdome Gold Mines Ltd.

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.

Condensed Interim Consolidated Statements of Income and Comprehensive Income

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

	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
Revenues	22	\$ 67,548	\$ 55,000	\$ 177,402	\$ 167,104
Cost of sales	23	<u>(39,636)</u>	<u>(30,487)</u>	<u>(99,674)</u>	<u>(94,903)</u>
Gross profit		<u>27,912</u>	<u>24,513</u>	<u>77,728</u>	<u>72,201</u>
Other expenses					
Corporate and general		2,565	1,371	7,797	5,147
Stock-based compensation	20	558	518	2,071	2,262
Reversal of impairment charges	12	-	-	(58,563)	-
Gain on disposal of mining equipment	11	(3)	-	(3)	-
Impairment charge on exploration properties	14	4,394	-	7,507	-
		<u>7,514</u>	<u>1,889</u>	<u>(41,191)</u>	<u>7,409</u>
Operating income		20,398	22,624	118,919	64,792
Gain on sale of Moss Lake exploration properties	5	-	-	39,143	-
Interest expense	24	(325)	(263)	(855)	(802)
Accretion of decommissioning provisions	18	(176)	(88)	(410)	(265)
Share of loss of associate	15	(15)	-	(104)	-
Fair value adjustment on share consideration receivable	8	368	-	360	-
Other income (expenses)	24	464	(294)	(239)	(203)
Income before income and mining taxes		<u>20,714</u>	<u>21,979</u>	<u>156,814</u>	<u>63,522</u>
Income and mining tax expense					
Current		3,309	2,195	8,655	6,234
Deferred		2,061	5,170	37,905	15,064
		<u>5,370</u>	<u>7,365</u>	<u>46,560</u>	<u>21,298</u>
Net income and total comprehensive income		\$ 15,344	\$ 14,614	\$ 110,254	\$ 42,224
Earnings per share					
Basic	21	<u>\$ 0.11</u>	<u>\$ 0.10</u>	<u>\$ 0.79</u>	<u>\$ 0.30</u>
Diluted	21	<u>\$ 0.11</u>	<u>\$ 0.10</u>	<u>\$ 0.77</u>	<u>\$ 0.30</u>
Weighted average number of common shares (000s)					
Basic	21	140,432	139,308	139,872	138,898
Diluted	21	143,069	142,969	142,653	142,478



Wesdome Gold Mines Ltd.

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.
Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	Capital Stock	Contributed Surplus	Retained Earnings	Total Equity
Balance, December 31, 2019		\$ 174,789	\$ 5,590	\$ 26,123	\$ 206,502
Net income for the period ended					
September 30, 2020		-	-	42,224	42,224
Exercise of options	20	2,405	-	-	2,405
Value attributed to options exercised	20	1,103	(1,103)	-	-
Value attributed to RSUs exercised	20	577	(577)	-	-
Stock-based compensation	20	-	2,262	-	2,262
Balance, September 30, 2020		<u>\$ 178,874</u>	<u>\$ 6,172</u>	<u>\$ 68,347</u>	<u>\$ 253,393</u>
Balance, December 31, 2020		\$ 179,540	\$ 6,472	\$ 76,838	\$ 262,850
Net income for the period ended					
September 30, 2021		-	-	110,254	110,254
Exercise of options	20	3,045	-	-	3,045
Value attributed to options exercised	20	1,478	(1,478)	-	-
Value attributed to RSUs exercised	20	786	(786)	-	-
Stock-based compensation	20	-	2,071	-	2,071
Balance, September 30, 2021		<u>\$ 184,849</u>	<u>\$ 6,279</u>	<u>\$ 187,092</u>	<u>\$ 378,220</u>



Wesdome Gold Mines Ltd.

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
Operating Activities					
Net income		\$ 15,344	\$ 14,614	\$ 110,254	\$ 42,224
Depreciation and depletion	23	7,395	6,322	19,945	20,001
Stock-based compensation	20	558	518	2,071	2,262
Accretion of decommissioning provisions	18	176	88	410	265
Deferred income and mining tax expense		2,061	5,170	37,905	15,064
Amortization of deferred financing cost	24	104	98	328	269
Interest expense	24	325	263	855	802
Reversal of impairment charges	12	-	-	(58,563)	-
Gain on sale of Moss Lake exploration properties	5	-	-	(39,143)	-
Impairment charge on exploration properties	14	4,394	-	7,507	-
Gain on disposal of mining equipment	11	(3)	-	(3)	-
Share of loss of associate	15	15	-	104	-
Fair value adjustment on share consideration receivable	8	(368)	-	(360)	-
Foreign exchange loss (gain) on lease financing	17	64	(83)	(15)	94
		<u>30,065</u>	<u>26,990</u>	<u>81,295</u>	<u>80,981</u>
Net changes in non-cash working capital	25	6,638	2,139	9,677	13,307
Mining and income tax paid		<u>(2,813)</u>	<u>(3,569)</u>	<u>(8,174)</u>	<u>(4,889)</u>
Net cash from operating activities		<u>33,890</u>	<u>25,560</u>	<u>82,798</u>	<u>89,399</u>
Financing Activities					
Exercise of options	20	1,814	623	3,045	2,405
Deferred financing costs	17	(5)	-	(339)	(198)
Repayment of borrowings	17	-	-	-	(3,636)
Repayment of lease liabilities	17	(1,877)	(1,322)	(5,277)	(3,531)
Interest paid	24	(325)	(263)	(855)	(802)
Net cash used in financing activities		<u>(393)</u>	<u>(962)</u>	<u>(3,426)</u>	<u>(5,762)</u>
Investing Activities					
Additions to mining properties	11	(12,620)	(6,981)	(30,492)	(18,972)
Additions to mines under development	13	(27,481)	-	(40,882)	-
Additions to exploration properties	14	-	(13,962)	(23,267)	(29,074)
Purchase of exploration property	14	(1,000)	-	(1,000)	-
Cash proceeds on sale of Moss Lake, net of transaction costs	5	-	-	11,762	-
Proceeds on disposal of mining assets	11	73	-	73	-
Net changes in non-cash working capital	25	9,205	3,125	10,427	2,265
Net cash used in investing activities		<u>(31,823)</u>	<u>(17,818)</u>	<u>(73,379)</u>	<u>(45,781)</u>
Increase in cash and cash equivalents		1,674	6,780	5,993	37,856
Cash and cash equivalents - beginning of the period		67,799	66,733	63,480	35,657
Cash and cash equivalents - end of the period		<u>\$ 69,473</u>	<u>\$ 73,513</u>	<u>\$ 69,473</u>	<u>\$ 73,513</u>
Cash and cash equivalents consist of:					
Cash		\$ 69,473	\$ 73,513	\$ 69,473	\$ 73,513
		<u>\$ 69,473</u>	<u>\$ 73,513</u>	<u>\$ 69,473</u>	<u>\$ 73,513</u>



Wesdome Gold Mines Ltd.

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2021

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

1. DESCRIPTION OF BUSINESS

Wesdome Gold Mines Ltd. (“Wesdome” or the “Company”) is a Canadian focused company with two producing underground gold mines. The Company is a gold producer with two mines in Ontario and Québec. The Eagle River Underground Mine is located in Wawa, Ontario. The Kiena Complex is located in Val-d’Or, Québec and a restart of operations was announced on May 26, 2021. The Company has completed a pre-feasibility study in support of the production restart decision. Wesdome has an exploration program both underground and on surface within the mine area and more regionally at both the Eagle River and Kiena Complex. The Company also retains exposure to the Moss Lake gold deposit, located west of Thunder Bay, Ontario through its equity position in Goldshore Resources Inc. (“Goldshore”). The Company trades on the Toronto Stock Exchange under the symbol “WDO”. The registered and principal office of the Company is located at 220 Bay Street, Suite 1200, Toronto, Ontario, M5J 2W4.

The Company continues to monitor the impact of the COVID-19 pandemic. The Company’s top priority remains the health and safety of its employees, contractors, vendors, and consultants. Operations at the Eagle River Complex and drilling and development work at the Kiena Complex have continued in Q3 2021 with measures in place to facilitate enhanced physical distancing to limit the potential spread of COVID-19.

Additional costs being incurred as a result of the COVID-19 pandemic include the procurement of additional personal protective equipment, additional health and safety personnel on site and higher input costs. These costs are in addition to various inefficiencies including but not limited to having lower headcount levels on site and delays in the supply chain. The Company is actively monitoring the impact of these costs on its financial results and financial reporting.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – “*Interim Financial Reporting*” (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020.

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, 2020, with the exception of the new accounting policies described below.

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.



Wesdome Gold Mines Ltd.

Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year. The critical judgments and estimates applied in the preparation of the Company's condensed interim consolidated financial statements are consistent with those applied to the Company's consolidated financial statements for the year ended December 31, 2020.

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

The Company has reclassified certain prior period amounts to conform to the current year presentation.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 10, 2021.

3. NEW ACCOUNTING POLICIES

Segment information

With the decision to restart operations at the Kiena Mine, the Chief Operating Decision Maker ("CODM"), is now reviewing the operating results, assessing performance and making capital allocation decisions at the individual mine site level. As a result, the Company has presented segment information in these condensed interim consolidated financial statements.

Mines under development

The Company classifies mining projects as mines under development when established mineral resources and reserves have been identified however the project is not yet in commercial production. The Company reclassifies mines under development as mining properties when the project enters into commercial production.

Mines under development are not depreciated until the project enters into commercial production.

Investment in associate

An associate is an entity over which the Company has significant influence. Significant influence is the ability to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power unless it can be clearly demonstrated that the Company does not have significant influence.

The Company accounts for its investment in associate using the equity method from the effective date of commencement of significant influence until the date that the Company ceases to have significant influence. In accordance with the equity method, the Company's investment in associate is initially recognized at cost and subsequently decreased or increased to recognize the Company's share of net earnings/loss and other comprehensive earnings/loss of the associate and any impairment loss after initial recognition.

At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment in associate is impaired.

These condensed interim consolidated financial statements include the following associate:

Associate name	Location	Ownership interest	Accounting method	Mining projects owned
Goldshore Resources Inc.	Canada	30%	Equity method	Moss Lake



Goldshore became an associate of the Company effective May 31, 2021.

Share consideration receivable

The Company's share consideration receivable is measured at fair value through profit or loss. This may create future fluctuations in the Company's net income and total comprehensive income.

4. ACCOUNTING PRONOUNCEMENTS

New standards and interpretations

Property, Plant and Equipment- Proceeds Before Intended Use (Amendments to IAS 16)

The international Accounting Standards Board (IASB) has published 'Property, plant and equipment- Proceeds Before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

Amendment to IAS 16 amends the standard to prohibit deducting from cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. Amendment to IAS 16 is effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The Company adopted this standard early beginning from reporting periods on or after January 1, 2021. The early adoption of this standard resulted in revenue of \$6,641,000 being recognized in the condensed interim consolidated statements of income and comprehensive income for the nine months ended September 30, 2021.

The new Standards and Interpretations not yet applied are as follows.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

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

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

This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

5. SALE OF MOSS LAKE EXPLORATION PROPERTIES

On May 31, 2021, Wesdome closed the previously announced sale of the Moss Lake Project (the "Project") located in Ontario, Canada (the "Transaction") with Goldshore. Goldshore acquired all of Wesdome's property, assets and rights related to Moss Lake and holds a 100% interest in Moss Lake. An after-tax gain on disposal of \$34.5 million has been recognized.

Under the terms of the Agreement, Wesdome will receive initial aggregate total consideration of \$57.1 million, comprised of the following:

- \$12.5 million in cash upon closing;
- 30,085,000 Goldshore common shares acquired through Wesdome's wholly-owned subsidiary Moss Lake Gold Mines Ltd. ("Moss Lake"), having an initial aggregate value of \$19.6 million and representing 30% of the issued and outstanding common shares of Goldshore following completion of the Transaction on a non-diluted basis;
- \$20 million in shares of Goldshore in the form of milestone payments consisting of:
 - \$5 million within 12 months of closing;
 - \$7.5 million upon the earlier of (i) Goldshore completing an updated PEA or pre-feasibility study; and (ii) 30 months from closing;
 - \$7.5 million upon the earlier of (i) Goldshore completing a feasibility study, (ii) the date on which Goldshore makes a development decision on Moss Lake; and (iii) 48 months from closing;
- The grant to Wesdome of a 1.00% net smelter return royalty on all metal production from Moss Lake. Goldshore shall have the right to repurchase the net smelter return royalty for (i) \$5 million within 30 months of closing; or (ii) \$7.5 million between 30 – 48 months from closing. The royalty buyback rights shall expire if not exercised within 48 months of closing.

Refer to Note 8 for details on the accounting of the consideration to be received. The following table details the gain on sale of the Moss Lake exploration properties.

<u>Details of gain on sale of Moss Lake transaction</u>	<u>May 31, 2021</u>
Carrying value of Moss Lake exploration properties	\$ 10,329
Cash received	12,500
Value of Goldshore shares received	19,555
Share consideration receivable	18,155
Expenses incurred during transaction	(738)
Before tax gain on sale of Moss Lake exploration properties	<u>\$ 39,143</u>

The Company has not assigned a value to the net smelter return royalty.

The Company has recorded the investment in Goldshore using the equity method. For the nine months ended September 30, 2021, a net loss of \$0.1 million has been recognized.



6. SEGMENT INFORMATION

The Company considers each of its mine sites as reportable segments for financial reporting purposes. Wesdome's CODM, its President and Chief Executive Officer, reviews the operating results, assesses performance and makes capital allocation decisions at the mine sites and corporate office. Segment performance is evaluated based upon a number of measures including operating income before tax, production levels and unit production costs.

The Company has not presented comparative information as the decision to restart operations at the Kiena Mine was made in May 2021.

	Three months ended September 30, 2021			
	Eagle River mine	Kiena mine	Corporate and other	Total
Revenues	\$ 60,911	\$ 6,637	\$ -	\$ 67,548
Cost of sales excluding depreciation and depletion	(26,701)	(5,540)	-	(32,241)
Gross profit excluding depreciation	34,210	1,097	-	35,307
Depreciation	(7,252)	(96)	(47)	(7,395)
Impairment reversal	-	-	-	-
Gain on sale of exploration property	-	-	-	-
Other	(118)	(56)	(7,024)	(7,198)
Segment income before taxes	\$ 26,840	\$ 945	\$ (7,071)	\$ 20,714
Income and mining tax expense			(5,370)	(5,370)
Net income and total comprehensive income				\$ 15,344

	Nine months ended September 30, 2021			
	Eagle River mine	Kiena mine	Corporate and other	Total
Revenues	\$ 170,761	\$ 6,641	\$ -	\$ 177,402
Cost of sales excluding depreciation and depletion	(73,758)	(5,971)	-	(79,729)
Gross profit excluding depreciation	97,003	670	-	97,673
Depreciation	(19,485)	(319)	(141)	(19,945)
Impairment reversal	-	58,563	-	58,563
Gain on sale of exploration property	-	-	39,143	39,143
Other	(337)	(70)	(18,213)	(18,620)
Segment income before taxes	\$ 77,181	\$ 58,844	\$ 20,789	\$ 156,814
Income and mining tax expense			(46,560)	(46,560)
Net income and total comprehensive income				\$ 110,254

	As at September 30, 2021			
	Eagle River mine	Kiena mine	Corporate and other	Total
Total assets	\$ 183,564	\$ 258,839	\$ 89,911	\$ 532,314
Total liabilities	\$ 31,842	\$ 23,016	\$ 99,236	\$ 154,094



Wesdome Gold Mines Ltd.

7. RECEIVABLES AND PREPAIDS

	September 30, 2021	December 31, 2020
Sales tax receivable	\$ 5,451	\$ 4,731
Vendor deposits	3,491	1,004
Prepayments to vendors	2,787	1,826
Receivables and other	961	1,413
	\$ 12,690	\$ 8,974

8. SHARE CONSIDERATION RECEIVABLE

The Company has recorded the share consideration receivable from Goldshore under the terms disclosed in Note 5. The following table summarizes the change in the carrying amount of the Company's share consideration receivable.

	September 30, 2021	December 31, 2020
Balance, beginning of period	\$ -	\$ -
Share consideration receivable recognized during the period	18,155	-
Fair value adjustment	360	-
Balance, end of period	18,515	-
Less: Current portion	4,930	-
Long-term portion	\$ 13,585	\$ -

To measure the share consideration receivable, the Company first determines the credit adjusted risk free rates ranging from 2.14% - 3.81% to discount each milestone payment. Management assumed the payments would be made at 8 months, 26 months and 44 months from the financial statement date for the respective milestones. The Company's share consideration receivable is measured at fair value through profit or loss.



9. INVENTORIES

	<u>Notes</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Gold in process	9(i), (ii)	\$ 10,968	\$ 6,786
Supplies		4,360	3,051
Ore stockpiles	9(iii)	2,452	2,614
		<u>\$ 17,780</u>	<u>\$ 12,451</u>

- (i) Gold in process inventory consists of both gold doré and gold in process that are awaiting the completion of the final refining process into saleable gold, expected within one month of the financial statement date.
- (ii) As at September 30, 2021, gold in process inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$6,082,000, \$54,000 and \$4,832,000, respectively. As at December 31, 2020, gold in process inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$6,232,000, \$74,000 and \$480,000, respectively.
- (iii) As at September 30, 2021, ore stockpile inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$441,000, \$1,738,000 and \$273,000 respectively. As at December 31, 2020, ore stockpile inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$854,000, \$1,715,000 and \$45,000 respectively.

The amount of inventory recognized as an expense for the nine months ended September 30, 2021 is \$79,286,000 (September 30, 2020: \$63,523,000) and is included in cost of sales (Note 23).

10. RESTRICTED CASH

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Cash deposit related to a mine closure plan (Note 18)	\$ 27	\$ 27
Cash pledged to a bank related to a letter of credit	630	630
	<u>\$ 657</u>	<u>\$ 657</u>



11. MINING PROPERTIES, PLANT AND EQUIPMENT

	Company Owned Assets									Right-of-use assets				
	Mining properties			Plant & equipment						Plant & equipment				
	Eagle River Complex	Kiena Complex	Sub-total	Eagle River Complex	Kiena Complex	Corporate	Sub-total	Total	Eagle River Complex	Kiena Complex	Corporate	Total	Grand total	
Gross Carrying Amount														
Balance, December 31, 2019	\$ 176,844	\$ 35,201	\$ 212,045	\$ 25,174	\$ 562	\$ 111	\$ 25,847	\$ 237,892	\$ 10,981	\$ 152	\$ 787	\$ 11,920	\$ 249,812	
Additions	23,672	-	23,672	4,351	486	-	4,837	28,509	6,718	(81)	-	6,637	35,146	
Transfer from exploration properties	1,566	-	1,566	-	-	-	-	1,566	-	-	-	-	1,566	
Write-down of equipment	-	-	-	(2,536)	-	-	(2,536)	(2,536)	-	-	-	-	(2,536)	
Balance, December 31, 2020	\$ 202,082	\$ 35,201	\$ 237,283	\$ 26,989	\$ 1,048	\$ 111	\$ 28,148	\$ 265,431	\$ 17,699	\$ 71	\$ 787	\$ 18,557	\$ 283,988	
Additions	24,486	-	24,486	5,158	-	-	5,158	29,644	5,664	-	-	5,664	35,308	
Transfer from exploration properties	982	-	982	-	-	-	-	982	-	-	-	-	982	
Write-down of equipment	-	-	-	(734)	-	-	(734)	(734)	-	-	-	-	(734)	
Reversal of impairment charges	-	56,292	56,292	-	2,271	-	2,271	58,563	-	-	-	-	58,563	
Balance, September 30, 2021	\$ 227,550	\$ 91,493	\$ 319,043	\$ 31,413	\$ 3,319	\$ 111	\$ 34,843	\$ 353,886	\$ 23,363	\$ 71	\$ 787	\$ 24,221	\$ 378,107	
Accumulated Depletion and write-downs														
Balance, December 31, 2019	\$ 79,923	\$ 35,201	\$ 115,124	\$ 17,643	\$ 441	\$ 46	\$ 18,130	\$ 133,254	\$ (497)	\$ 51	\$ 239	\$ (207)	\$ 133,047	
Depletion	17,390	-	17,390	3,757	134	-	3,891	21,281	2,954	(42)	187	3,099	24,380	
Write-down of equipment	-	-	-	(2,109)	-	-	(2,109)	(2,109)	-	-	-	-	(2,109)	
Balance, December 31, 2020	\$ 97,313	\$ 35,201	\$ 132,514	\$ 19,291	\$ 575	\$ 46	\$ 19,912	\$ 152,426	\$ 2,457	\$ 9	\$ 426	\$ 2,892	\$ 155,318	
Depletion	14,796	-	14,796	2,246	395	-	2,641	17,437	2,789	12	141	2,942	20,379	
Write-down of equipment	-	-	-	(643)	-	-	(643)	(643)	-	-	-	-	(643)	
Balance, September 30, 2021	\$ 112,109	\$ 35,201	\$ 147,310	\$ 20,894	\$ 970	\$ 46	\$ 21,910	\$ 169,220	\$ 5,246	\$ 21	\$ 567	\$ 5,834	\$ 175,054	
Net carrying amount,														
December 31, 2020	\$ 104,769	\$ -	\$ 104,769	\$ 7,698	\$ 473	\$ 65	\$ 8,236	\$ 113,005	\$ 15,242	\$ 62	\$ 361	\$ 15,665	\$ 128,670	
September 30, 2021	\$ 115,441	\$ 56,292	\$ 171,733	\$ 10,519	\$ 2,349	\$ 65	\$ 12,933	\$ 184,666	\$ 18,117	\$ 50	\$ 220	\$ 18,387	\$ 203,053	

Eagle River Complex

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

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

Kiena Mine Complex

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

The Kiena Mine is not subject to any underlying royalties.

12. REVERSAL OF IMPAIRMENT

When Kiena was placed on care and maintenance in 2012, an impairment charge of \$60.9 million was recorded. Subsequently, an additional impairment charge of \$5.9 million was recorded. During the nine months ended September 30, 2021, the Company recorded reversals of previous impairment charges of \$56,292,000 (September 30, 2020: \$nil) related to mining properties and \$2,271,000 (September 30, 2020: \$nil) related to property, plant and equipment. The reversal of previously recorded impairment charges adjusts the assets' carrying values to the value immediately before the initial impairment.

These reversals are a result of the decision to restart operations based on the positive results of the completed preliminary feasibility study at the Kiena Mine. A preliminary feasibility study was completed and the decision to restart operations was made in May 2021.

13. MINES UNDER DEVELOPMENT

As a result of the decision to restart operations at the Kiena Mine based on the positive results of the completed preliminary feasibility study, the Company reclassified the Kiena Mine from exploration properties to mines under development in Q2 2021. As required, the Company performed an impairment test upon reclassification to mines under development. No impairment was noted.

The following table summarizes the change in the carrying amount of the Company's mines under development.

	Company Owned Assets			Right-of-use assets	Grand total
	Mines under development	Plant & equipment	Sub-total	Plant & equipment	
Balance, December 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from exploration properties	138,147	-	138,147	-	138,147
Additions	11,661	29,221	40,882	-	40,882
Balance, September 30, 2021	<u>\$ 149,808</u>	<u>\$ 29,221</u>	<u>\$ 179,029</u>	<u>\$ -</u>	<u>\$ 179,029</u>

14. EXPLORATION PROPERTIES

	Kiena Group	Moss Lake Group	Mishi/Eagle Group	Total
Balance, December 31, 2019	\$ 84,327	\$ 10,228	\$ 12,089	\$ 106,644
Exploration expenditures	44,004	84	-	44,088
Gold revenue from a bulk sample	(3,608)	-	-	(3,608)
Write-down of Magnacon exploration property	-	-	(2,034)	(2,034)
Transfer to mineral properties	-	-	(1,566)	(1,566)
Balance, December 31, 2020	<u>\$ 124,723</u>	<u>\$ 10,312</u>	<u>\$ 8,489</u>	<u>\$ 143,524</u>
Exploration expenditures	\$ 27,155	\$ 17	\$ -	\$ 27,172
Purchase of exploration property	1,000	-	-	1,000
Impairment charge on Windarra exploration property	-	-	(3,113)	(3,113)
Impairment charge on Mishi exploration property	-	-	(4,394)	(4,394)
Gold revenue from bulk sample	(3,905)	-	-	(3,905)
Sale of Moss Lake exploration property	-	(10,329)	-	(10,329)
Transfer to mineral properties	-	-	(982)	(982)
Transfer to mines under development	(138,147)	-	-	(138,147)
Balance, September 30, 2021	<u>\$ 10,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,826</u>

During the nine months ended September 30, 2021, the Company recorded an impairment charge on the Windarra exploration property in the amount of \$3,113,000 and the Mishi exploration property in the amount of \$4,394,000 as the Company does not foresee any future operations at these sites.

15. INVESTMENT IN ASSOCIATE

Details of the Company's investment in associate as at September 30, 2021 and December 31, 2020 are as follows:

Associate name	Percentage Ownership		Carrying amount	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Goldshore Resources Inc.	30%	0%	\$ 19,451	\$ -

The following table summarizes the change in the carrying amount of the Company's investment in associate.

	Goldshore Resources Inc.
Balance, December 31, 2020	\$ -
Initial amount recognized upon acquisition	19,555
Share of loss of associate	(104)
Balance, September 30, 2021	<u>\$ 19,451</u>

The assets and liabilities of Goldshore are summarized in the following table which incorporates Goldshore's most recently available financial information at the time of preparation of these condensed interim consolidated financial statements, which is as at June 30, 2021.

Goldshore became an associate of the Company on May 31, 2021. As such the Company has recognized only its share of Goldshore's loss and comprehensive loss for the month of June 2021.

	<u>June 30, 2021</u>
Current assets	\$ 13,551
Non-current assets	<u>52,639</u>
Total assets	<u>66,190</u>
Current liabilities	2,182
Non-current liabilities	<u>-</u>
Total liabilities	<u>2,182</u>
Net assets	<u>64,008</u>
Company's equity share of net assets	<u>\$ 19,202</u>
Loss and comprehensive loss for the month ended June 30, 2021	<u>\$ (348)</u>

16. PAYABLES AND ACCRUALS

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Trade payables and accrued liabilities	\$ 30,675	\$ 15,355
Employee related payables	7,194	4,937
Royalties payable	<u>954</u>	<u>831</u>
	<u>\$ 38,823</u>	<u>\$ 21,123</u>

17. LEASE LIABILITIES

Future minimum payments under lease obligations are as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
No later than one year	\$ 6,808	\$ 6,290
Later than one year and no later than five years	<u>7,879</u>	<u>5,778</u>
Total minimum lease payments	<u>14,687</u>	<u>12,068</u>
Less: Interest portion at the weighted average interest rate of 4.09% (2020: 4.65%)	<u>468</u>	<u>563</u>
Total lease liabilities, secured by equipment	<u>14,219</u>	<u>11,505</u>
Less: Current portion	<u>6,466</u>	<u>5,901</u>
Long-term portion	<u>\$ 7,753</u>	<u>\$ 5,604</u>

Secured Credit Facility and Lease Facilities

On March 29, 2021, Wesdome extended the current maturity date of the \$45 million senior secured revolving credit facility (“NBF Facility”), led by National Bank Financial Inc. (“NBF”) from September 27, 2022 to March 29, 2024. During Q3 2021, the Company was in compliance with the financial covenants stipulated under the NBF Facility. The NBF Facility, which will be used for general corporate and working capital purposes, is secured by all of the Company’s present and future real and personal property. The NBF Facility is available by way of (i) Canadian dollar Prime Rate or U.S. dollar Base Rate, with interest rates ranging from 2.5% to 3.5% over NBF’s Prime Rate or Base Rate, as applicable, (ii) Canadian dollar Bankers’ Acceptances at acceptance fees ranging from 3.5% to 4.5%, and (iii) U.S. dollar LIBOR with interest rates ranging from 3.5% to 4.5% over LIBOR. The actual spread or rate will be determined based on the Company’s net leverage ratio (as defined). The NBF Facility is also available for letters of credit. At September 30, 2021 the entire \$45.0 million facility was available.

On closing, the Company drew down \$4,358,000 under the NBF Facility, of which \$3,952,000 was used to repay in full the amounts owed under the Company’s \$36,000,000 credit facility. As at September 30, 2021, the Company incurred \$339,000 in fees and expenses related to the extension of NBF Facility. As at December 31, 2019, \$3,636,000 was drawn under the credit facility which was repaid in the first quarter of 2020. During the remaining quarters of 2020 and the first nine months of 2021 no further funds were drawn under the credit facility.

The Company currently has a leasing facility with a chartered Canadian bank and a leasing facility with a U.S. based leasing company. On June 28, 2021, the C\$ Leasing Facility was increased by \$7.0 million. As at September 30, 2021, Cdn \$11.5 million and US \$1.7 million was owing under the C\$ Leasing Facility and US\$ Leasing Facility, respectively.

18. DECOMMISSIONING PROVISIONS

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

The Company has recorded the decommissioning costs at its active and dormant mine sites on the basis of management’s best estimates of future costs to settle the obligations on the closing date, based on information available on the reporting date. Although the ultimate amount of decommissioning costs is uncertain, the Company estimated its future decommissioning costs for the Eagle River Complex to be \$17,227,000 which is being discounted over a period of five years using a discount rate of 3.11%; and the Kiena Mine Complex is \$8,698,000 which is being discounted over a period of seven years using a discount rate of 3.24% as at September 30, 2021. The Company has provided in aggregate \$16,600,000 in financial assurances (Notes 18(a) and 18(b)) for these future environmental obligations.

Closure plans were submitted during Q4 2019, for the Eagle River Complex to the Ontario Ministry of Energy, Northern Development and Mines (“MENDM”) for approval. The MENDM has approved the closure plan for the Eagle River Mill and the Mishi-Magnacon Mine. The Eagle River Mine Closure Plan is still under review. The Company has obtained financial commitment from the financial institution to amend the surety bonds for the anticipated increase in financial assurance to be provided to the government for the estimate of the financial assurance requirements.

In support of the restart decision of operations, the Company submitted an updated closure plan to the Ministère de l’Énergie et des Ressources Naturelles (“MERN”) for the Kiena Mine in Q2 2021. The plan is currently under review by MERN and is expected to be filed in 2022.

a) Change in decommissioning provisions

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

	Eagle River Complex	Kiena Complex	September 30, 2021	December 31, 2020
Balance, beginning of the period	\$ 15,243	\$ 7,027	\$ 22,270	\$ 21,443
Accretion expense for the period	340	70	410	354
Changes in estimates	(660)	(188)	(848)	473
	<u>\$ 14,923</u>	<u>\$ 6,909</u>	<u>\$ 21,832</u>	<u>\$ 22,270</u>

b) Reclamation bond

The Company currently has an agreement with a financial institution whereby the financial institution has issued surety bonds, on an unsecured basis to satisfy the Company's reclamation obligations for the Eagle River Complex and Kiena Complex. As at September 30, 2021, the total reclamation bonds issued to government environmental agencies amounted to \$16,600,000 (December 31, 2020: \$16,600,000).

19. CAPITAL STOCK

Authorized:

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

	Notes	Shares	Amount
Issued:			
Balance, December 31, 2019		137,992,453	\$ 174,789
Exercise of options	20	1,129,291	4,174
Exercise of RSUs	20	190,541	577
Balance, December 31, 2020		139,312,285	179,540
Exercise of options	20	1,351,126	4,523
Exercise of RSUs	20	220,043	786
Balance September 30, 2021		140,883,454	\$ 184,849

20. STOCK-BASED COMPENSATION

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

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

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

On June 2, 2020, the shareholders of the Company approved the 2020 Omnibus Plan pursuant to which it is able to issue share-based long-term incentives. All Service Providers are eligible to receive awards, as defined below, under the 2020 Omnibus Plan. The 2020 Omnibus Plan replaced the Company's existing stock option plans which remain in effect, but no further options will be issued thereunder.

Under the 2020 Omnibus Plan, the maximum number of common shares issuable from treasury pursuant to awards shall not exceed 10% of the total outstanding common shares from time to time less the number of common shares issuable pursuant to all other security-based compensation arrangements of Wesdome, being the Stock Option Plan and the 2017 Omnibus Plan.

As at September 30, 2021, awards to purchase 10,516,000 common shares of Wesdome were available for grant under the Equity Incentive Plans.

The following table reflects the continuity of options granted for the three and nine months ended September 30, 2021 and 2020.

	Three months ended September 30,				Nine months ended September 30,			
	2021		2020		2021		2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$		\$		\$
Outstanding, beginning of period	3,623,390	4.03	4,189,021	3.26	3,757,621	3.40	4,513,715	2.72
Granted	-	-	19,802	13.83	379,934	8.50	386,254	8.93
Exercised	(858,320)	2.11	(209,145)	2.98	(1,351,126)	2.25	(900,291)	2.67
Expired/Forfeited	(24,626)	9.58	(13,057)	8.67	(45,985)	8.42	(13,057)	8.67
Outstanding, end of period	2,740,444	6.19	3,986,621	3.31	2,740,444	6.19	3,986,621	3.31

On March 26, 2021, the Company granted 379,934 stock options to its employees and officers, under its 2020 Omnibus Plan. On March 13, 2020, the Company granted 366,452 stock options to its employees and officers, under its 2017 Omnibus Plan. On August 14, 2020, the Company granted 19,802 stock options to its officer. All stock options granted have a three-year vesting term commencing on the anniversary date of the issue.

The weighted average share price at the date of exercise for stock options exercised during the nine months ended September 30, 2021 and 2020 was \$12.11 and \$11.06, respectively.

The following table outlines share options outstanding at September 30, 2021:

Range of exercise prices	Outstanding Options			Exercisable Options	
	Number outstanding	Weighted average remaining life (years)	Weighted average exercise price	Number outstanding	Weighted average exercise price
			\$		\$
1.87 - 2.20	756,122	1.48	1.96	756,122	1.96
2.21 - 3.29	617,211	0.46	2.84	617,211	2.84
3.30 - 5.28	672,160	2.08	5.01	477,085	4.88
5.29 - 13.83	694,951	3.99	8.82	93,662	8.67
	2,740,444	2.65	6.19	1,944,080	4.12

The following table reflects the continuity of RSUs granted for the three and nine months ended September 30, 2021 and 2020.

	Three months ended September 30,				Nine months ended September 30,			
	2021	Weighted average exercise price	2020	Weighted average exercise price	2021	Weighted average exercise price	2020	Weighted average exercise price
	Number of RSUs		Number of RSUs		Number of RSUs		Number of RSUs	
		\$		\$		\$		\$
Outstanding, beginning of period	206,020	-	343,210	-	343,210	-	444,352	-
Granted	-	-	-	-	82,853	-	89,399	-
Exercised	-	-	-	-	(220,043)	8.50	(190,541)	6.97
Outstanding, end of period	206,020	-	343,210	-	206,020	-	343,210	-

On March 26, 2021, the Company granted 82,853 RSUs to its employees and officers, under its 2020 Omnibus Plan. On March 13, 2020, the Company granted 89,399 RSUs to its employees and officers, under its 2017 Omnibus Plan. The RSUs granted have a three-year vesting term with the first tranche vesting on March 26, 2022.

The following table reflects the continuity of PSUs granted for the three and nine months ended September 30, 2021 and 2020.

	Three months ended September 30,				Nine months ended September 30,			
	2021	Weighted average exercise price	2020	Weighted average exercise price	2021	Weighted average exercise price	2020	Weighted average exercise price
	Number of PSUs		Number of PSUs		Number of PSUs		Number of PSUs	
		\$		\$		\$		\$
Outstanding, beginning of period	255,105	-	89,399	-	89,399	-	-	-
Granted	-	-	-	-	165,706	-	89,399	-
Exercised	-	-	-	-	-	-	-	-
Outstanding, end of period	255,105	-	89,399	-	255,105	-	89,399	-

On March 26, 2021, the Company granted 165,706 PSUs to its employees and officers, under its 2020 Omnibus Plan. On March 13, 2020, the Company granted 89,399 PSUs to its employees and officers, under its 2017 Omnibus Plan. The PSUs granted have cliff vesting terms contingent on continued employment at the end of the three-year performance period.

The following table reflects the continuity of DSUs granted for the three and nine months ended September 30, 2021 and 2020.

	Three months ended September 30,				Nine months ended September 30,			
	2021	Weighted average exercise price	2020	Weighted average exercise price	2021	Weighted average exercise price	2020	Weighted average exercise price
	Number of DSUs		Number of DSUs		Number of DSUs		Number of DSUs	
		\$		\$		\$		\$
Outstanding, beginning of period	370,991	-	315,031	-	315,031	-	249,232	-
Granted	-	-	-	-	55,960	-	65,799	-
Redeemed	-	-	-	-	-	-	-	-
Outstanding, end of period	370,991	-	315,031	-	370,991	-	315,031	-

On June 1, 2021, the Company granted 55,960 DSUs to its non-management board members, under its 2020 Equity Incentive Plan. On June 3, 2020, the Company granted 65,799 DSUs to its non-management board members, under its 2020 Equity Incentive Plan. All of the DSUs are fully vested at the grant date and become payable upon retirement of the directors.

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

For the three and nine months ended September 30, 2021 and 2020, grant date fair value estimates were based on the following variables:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Weighted average fair value, per option (\$)	-	4.23	3.42	2.46
Weighted average risk-free interest rate (%)	-	0.30	0.47	0.50
Weighted average volatility (%)	-	58	56.63	50
Expected life (years)	-	3.0	3.0	3.0
Forfeiture rate (%)	-	9.4	7.8	9.4

The fair value compensation and contributed surplus relating to stock options, RSUs, PSUs and DSUs for the three and nine months ended September 30, 2021 was \$558,000 and \$2,071,000 (2020: \$518,000 and \$2,262,000).

21. EARNINGS PER SHARE

	September 30,		September 30,	
	2021	2020	2021	2020
Earnings available to common shareholders	\$ 15,344	\$ 14,614	\$ 110,254	\$ 42,224
Weighted average number of shares, basic (000s)	140,432	139,308	139,872	138,898
Dilutive securities – options and RSU (000s)	2,637	3,661	2,781	3,580
Weighted average number of shares, diluted (000s)	143,069	142,969	142,653	142,478
Basic earnings per share	\$0.11	\$0.10	\$0.79	\$0.30
Diluted earnings per share	\$0.11	\$0.10	\$0.77	\$0.30
Number of shares excluded from diluted earnings per share calculation due to anti-dilutive effect:				
Options (000s)	-	-	-	-

22. REVENUES

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues from mining operations				
Gold	\$ 67,479	\$ 54,953	\$ 177,215	\$ 166,972
Silver	69	47	187	132
	<u>\$ 67,548</u>	<u>\$ 55,000</u>	<u>\$ 177,402</u>	<u>\$ 167,104</u>

23. COST OF SALES

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Mining and processing				
Mining	\$ 19,284	\$ 10,542	\$ 41,599	\$ 30,834
Processing	5,114	4,501	13,961	13,248
Site administration and camp costs	8,038	7,107	23,726	19,441
Change in inventories ¹	(1,233)	1,063	(2,875)	8,291
	<u>31,203</u>	<u>23,213</u>	<u>76,411</u>	<u>71,814</u>
Royalties	1,038	952	3,318	3,088
Depletion and depreciation	7,395	6,322	19,945	20,001
	<u>\$ 39,636</u>	<u>\$ 30,487</u>	<u>\$ 99,674</u>	<u>\$ 94,903</u>

⁽¹⁾ Change in inventories

Ore stock pile inventory	\$ 941	\$ 1,020	\$ 1,267	\$ 7,259
Bullion and in-circuit inventory	(2,174)	43	(4,142)	1,032
	<u>\$ (1,233)</u>	<u>\$ 1,063</u>	<u>\$ (2,875)</u>	<u>\$ 8,291</u>

24. INTEREST AND OTHER

a) Interest expense

Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest on lease liabilities	\$ 129	\$ 137	\$ 389	\$ 403
Premium on reclamation bonds	67	27	142	80
Interest on secured credit facility	129	99	324	319
	<u>\$ 325</u>	<u>\$ 263</u>	<u>\$ 855</u>	<u>\$ 802</u>

b) Other income (expenses)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest income	\$ 96	\$ 129	\$ 238	\$ 335
Foreign exchange gain (loss)	561	(207)	4	(107)
Amortization of deferred financing cost	(104)	(98)	(328)	(269)
Other (expense) income	(89)	(118)	(153)	(162)
	<u>\$ 464</u>	<u>\$ (294)</u>	<u>\$ (239)</u>	<u>\$ (203)</u>

25. SUPPLEMENTAL CASH FLOW INFORMATION

Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net changes in non-cash working capital				
Operating activities				
Accounts receivable and prepaids	\$ (1,814)	\$ (1,982)	\$ (1,115)	\$ (683)
Payables and accruals	7,004	1,020	7,011	(275)
Mining and income tax payable	3,308	2,195	8,654	6,233
Gold in process and ore stockpiles	(1,232)	1,063	(3,564)	8,291
Supplies and other	(628)	(157)	(1,309)	(259)
	<u>\$ 6,638</u>	<u>\$ 2,139</u>	<u>\$ 9,677</u>	<u>\$ 13,307</u>
Investing activities				
Accounts receivable and prepaids	\$ 475	\$ (1,424)	\$ (261)	\$ (2,437)
Payables and accruals	8,730	4,549	10,688	4,702
	<u>\$ 9,205</u>	<u>\$ 3,125</u>	<u>\$ 10,427</u>	<u>\$ 2,265</u>
Non-cash transactions				
Change to decommissioning provisions	18	\$ (138)	\$ 204	\$ (848)
Assets acquired under finance leases		2,463	1,510	5,664
		<u>\$ 2,325</u>	<u>\$ 1,714</u>	<u>\$ 4,816</u>

26. FINANCIAL INSTRUMENTS

Fair values

Following is a table which sets out the fair values of recognized financial instruments using the valuation methods and assumptions described below:

	At September 30, 2021		At December 31, 2020	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial Assets				
Cash and cash equivalents	\$ 69,473	\$ 69,473	\$ 63,480	\$ 63,480
Accounts receivable	1,665	1,665	2,481	2,481
Share consideration receivable	18,515	18,515	-	-
	<u>\$ 89,653</u>	<u>\$ 89,653</u>	<u>\$ 65,961</u>	<u>\$ 65,961</u>
Financial Liabilities				
Payables and accruals	\$ 38,823	\$ 38,823	\$ 21,123	\$ 21,123

The fair value of cash and cash equivalents, accounts receivables and payables approximate their carrying amounts due to their short-term nature. Share consideration receivable is measured using a discount rate equal to the credit adjusted risk free rate for the time to maturity. Inputs used to measure the share consideration receivable are considered Level 2 inputs. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The Company does not have any Level 3 inputs.

Wesdome Gold Mines Ltd.



Financial instrument and related risks

1) Market Risk

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

(a) Commodity price risk

The Company's financial performance is closely linked to the price of gold which is impacted by world economic events that dictate the levels of supply and demand. The Company had no gold price hedge contracts in place as at or during the nine months ended September 30, 2021 and 2020.

(b) Foreign currency exchange risk

The Company's revenue is exposed to changes in foreign exchange rates as the Company's primary product, gold, is priced in U.S. dollars. The Company had no forward exchange rate contracts in place and no foreign currency holdings as at or during the nine months ended September 30, 2021 and 2020.

(c) Interest rate risk

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

2) Liquidity Risk

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

The following table shows the timing of cash outflows relating to payables and accruals, finance leases and other financial obligations as at September 30, 2021:

	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables and accruals	\$ 38,823	\$ -	\$ -	\$ -
Income and mining taxes payable	3,961	-	-	-
Lease liabilities	6,896	3,955	1,133	-
Purchase commitments ¹	36,830	-	-	-
Decommissioning provisions	-	-	-	25,925
Total	<u>\$ 86,510</u>	<u>\$ 3,955</u>	<u>\$ 1,133</u>	<u>\$ 25,925</u>

¹ The Company anticipates to finance \$4,837,000 of the outstanding purchase commitments as at September 30, 2021 with finance leases.

3) Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company minimizes its credit risk by selling its gold exclusively to financial institutions. The Company's receivables consist of consideration receivable from its associate, government refunds and credits and advances to vendors on projects at the mines.

The Company estimates its maximum exposure to be the carrying value of cash and cash equivalents and receivables. The Company manages the credit risk of cash and cash equivalents and receivables by maintaining bank accounts and term deposits with Schedule 1 Canadian banks. The Company's cash is not subject to any external limitations. The Company limits risk on its consideration receivable by entering into business arrangements with highly rated counterparties.