



WESDOME GOLD MINES LTD.

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

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

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	As at June 30, 2021	As at December 31, 2020
Assets			
Current			
Cash and cash equivalents		\$ 67,799	\$ 63,480
Receivables and prepaids	6	10,997	8,974
Share consideration receivable	7	4,882	-
Inventories	8	16,761	12,451
Total current assets		<u>100,439</u>	<u>84,905</u>
Restricted cash	9	657	657
Deferred financing costs	16	938	827
Mining properties, plant and equipment	10	193,641	128,670
Mines under development	12	151,651	-
Exploration properties	13	15,202	143,524
Share consideration receivable	7	13,265	-
Investment in associate	14	19,466	-
Total assets		<u>\$ 495,259</u>	<u>\$ 358,583</u>
Liabilities			
Current			
Payables and accruals	15	\$ 23,088	\$ 21,123
Income and mining tax payable		3,466	3,481
Current portion of lease liabilities	16	6,744	5,901
Total current liabilities		<u>33,298</u>	<u>30,505</u>
Lease liabilities	16	6,465	5,604
Deferred income and mining tax liabilities		73,198	37,354
Decommissioning provisions	17	21,794	22,270
Total liabilities		<u>134,755</u>	<u>95,733</u>
Equity			
Equity attributable to owners of the Company			
Capital stock	18	182,144	179,540
Contributed surplus		6,612	6,472
Retained earnings		171,748	76,838
Total equity attributable to owners of the Company		<u>360,504</u>	<u>262,850</u>
		<u>\$ 495,259</u>	<u>\$ 358,583</u>

Commitments (Note 25)
Subsequent events (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 June 30,		Six Months Ended June 30,	
		2021	2020	2021	2020
Revenues	21	\$ 63,881	\$ 54,772	\$ 109,854	\$ 112,104
Cost of sales	22	(29,774)	(26,826)	(60,038)	(64,416)
Gross profit		<u>34,107</u>	<u>27,946</u>	<u>49,816</u>	<u>47,688</u>
Other expenses					
Corporate and general		2,841	1,805	5,232	3,776
Stock-based compensation	19	1,203	1,340	1,513	1,744
Reversal of impairment charges	11	(58,563)	-	(58,563)	-
Write-down of exploration properties	13	3,113	-	3,113	-
		<u>(51,406)</u>	<u>3,145</u>	<u>(48,705)</u>	<u>5,520</u>
Operating income		85,513	24,801	98,521	42,168
Gain on sale of Moss Lake exploration properties	5	39,143	-	39,143	-
Interest expense	23	(271)	(284)	(530)	(539)
Accretion of decommissioning provisions	17	(124)	(52)	(234)	(177)
Share of loss of associate	14	(89)	-	(89)	-
Fair value adjustment on share consideration receivable	7	(8)	-	(8)	-
Other income (expenses)	23	(400)	(204)	(703)	91
Income before income and mining taxes		<u>123,764</u>	<u>24,261</u>	<u>136,100</u>	<u>41,543</u>
Income and mining tax expense					
Current		4,250	1,769	5,346	4,039
Deferred		31,707	6,395	35,844	9,894
		<u>35,957</u>	<u>8,164</u>	<u>41,190</u>	<u>13,933</u>
Net income and total comprehensive income		\$ 87,807	\$ 16,097	\$ 94,910	\$ 27,610
Earnings per share					
Basic	20	<u>\$ 0.63</u>	<u>\$ 0.12</u>	<u>\$ 0.68</u>	<u>\$ 0.20</u>
Diluted	20	<u>\$ 0.62</u>	<u>\$ 0.11</u>	<u>\$ 0.67</u>	<u>\$ 0.19</u>
Weighted average number of common shares (000s)					
Basic	20	139,754	138,918	139,587	138,691
Diluted	20	142,630	142,430	142,454	142,227



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	<u>Capital Stock</u>	<u>Contributed Surplus</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
Balance, December 31, 2019		\$ 174,789	\$ 5,590	\$ 26,123	\$ 206,502
Net income for the period ended June 30, 2020		-	-	27,610	27,610
Exercise of options	19	1,782	-	-	1,782
Value attributed to options exercised	19	825	(825)	-	-
Value attributed to RSUs exercised	19	577	(577)	-	-
Stock-based compensation	19	-	1,744	-	1,744
Balance, June 30, 2020		<u>\$ 177,973</u>	<u>\$ 5,932</u>	<u>\$ 53,733</u>	<u>\$ 237,638</u>
Balance, December 31, 2020		\$ 179,540	\$ 6,472	\$ 76,838	\$ 262,850
Net income for the period ended June 30, 2021		-	-	94,910	94,910
Exercise of options	19	1,231	-	-	1,231
Value attributed to options exercised	19	587	(587)	-	-
Value attributed to RSUs exercised	19	786	(786)	-	-
Stock-based compensation	19	-	1,513	-	1,513
Balance, June 30, 2021		<u>\$ 182,144</u>	<u>\$ 6,612</u>	<u>\$ 171,748</u>	<u>\$ 360,504</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 June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Operating Activities					
Net income		\$ 87,807	\$ 16,097	\$ 94,910	\$ 27,610
Depreciation and depletion	22	6,483	5,802	12,550	13,679
Stock-based compensation	19	1,203	1,340	1,513	1,744
Accretion of decommissioning provisions	17	124	52	234	177
Deferred income and mining tax expense		31,707	6,395	35,844	9,894
Amortization of deferred financing cost		119	102	224	164
Interest expense	23	271	284	530	539
Reversal of impairment charges		(58,563)	-	(58,563)	-
Gain on sale of Moss Lake exploration properties		(39,143)	-	(39,143)	-
Write down of exploration properties		3,113	-	3,113	-
Share of loss of associate		89	-	89	-
Fair value adjustment on share consideration receivable		8	-	8	-
Foreign exchange loss (gain) on lease financing		(50)	(236)	(79)	184
		<u>33,168</u>	<u>29,836</u>	<u>51,230</u>	<u>53,991</u>
Net changes in non-cash working capital	24	(1,131)	512	3,039	11,168
Mining and income tax paid		(5,162)	-	(5,361)	(1,320)
Net cash from operating activities		<u>26,875</u>	<u>30,348</u>	<u>48,908</u>	<u>63,839</u>
Financing Activities					
Exercise of options	19	910	1,100	1,231	1,782
Deferred financing costs	16	(95)	(99)	(334)	(198)
Repayment of borrowings	16	-	-	-	(3,636)
Repayment of lease liabilities		(1,884)	(1,152)	(3,400)	(2,209)
Interest paid	23	(271)	(284)	(530)	(539)
Net cash used in financing activities		<u>(1,340)</u>	<u>(435)</u>	<u>(3,033)</u>	<u>(4,800)</u>
Investing Activities					
Additions to mining properties	10	(10,050)	(5,445)	(17,873)	(11,991)
Additions to mines under development	12	(12,704)	-	(13,400)	-
Additions to exploration properties	13	(11,368)	(5,958)	(23,267)	(15,112)
Cash proceeds on sale of Moss Lake, net of transaction costs	5	11,762	-	11,762	-
Net changes in non-cash working capital	24	740	(1,175)	1,222	(860)
Net cash used in investing activities		<u>(21,620)</u>	<u>(12,578)</u>	<u>(41,556)</u>	<u>(27,963)</u>
Increase in cash and cash equivalents		3,915	17,335	4,319	31,076
Cash and cash equivalents - beginning of the period		63,884	49,398	63,480	35,657
Cash and cash equivalents - end of the period		<u>\$ 67,799</u>	<u>\$ 66,733</u>	<u>\$ 67,799</u>	<u>\$ 66,733</u>
Cash and cash equivalents consist of:					
Cash		\$ 67,799	\$ 66,733	\$ 67,799	\$ 66,733
		<u>\$ 67,799</u>	<u>\$ 66,733</u>	<u>\$ 67,799</u>	<u>\$ 66,733</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 Six Months Ended June 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 gold producer engaged in mining and related activities including exploration, extraction, processing and reclamation. The Company’s principal assets include the Eagle River Mine, the Mishi Mine and the Eagle River Mill located near Wawa, Ontario, together called the “Eagle River Complex”, and the Kiena Mining and Milling Complex (“Kiena Complex”) and exploration properties located in Val D’Or, Quebec. Wesdome is a public company existing under the laws of Ontario. The common shares of the Company are listed 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 Site have continued in Q2 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. 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.



Wesdome Gold Mines Ltd.

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 August 11, 2021.

3. NEW ACCOUNTING POLICIES

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 investments 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 Resources Inc. (“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

There have been no new accounting pronouncements adopted since the release of the Company's consolidated financial statements for the year ended December 31, 2020.



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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 adoption of this standard did not have an impact on the condensed interim consolidated financial statements for the reporting period ended June 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 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;



Wesdome Gold Mines Ltd.

- \$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 7 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 will record the investment in Goldshore using the equity method. For the six months ended June 30, 2021, a net loss of \$0.1 million has been recognized.

6. ACCOUNTS RECEIVABLE AND PREPAIDS

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Sales tax receivable	\$ 5,638	\$ 4,731
Vendor deposits	377	1,004
Prepayments to vendors	4,061	1,826
Prepays and other	921	1,413
	<u>\$ 10,997</u>	<u>\$ 8,974</u>

7. 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.



	June 30, 2021	December 31, 2020
Balance, beginning of period	\$ -	\$ -
Share consideration receivable recognized during the period	18,155	-
Fair value adjustment	(8)	-
Balance, end of period	<u>18,147</u>	<u>-</u>
Less: Current portion	4,882	-
Long-term portion	<u>\$ 13,265</u>	<u>\$ -</u>

To measure the share consideration receivable, the Company first determines the credit adjusted risk free rates ranging from 2.65% - 4.26% to discount each milestone payment. Management assumed the payments would be made at 12 months, 30 months and 48 months for the respective milestones. The Company's share consideration receivable is measured at fair value through profit or loss.

8. INVENTORIES

	Notes	June 30, 2021	December 31, 2020
Gold in process	8(i),(ii)	\$ 9,454	\$ 6,786
Supplies		3,732	3,051
Ore stockpiles	8(iii)	3,575	2,614
		<u>\$ 16,761</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 June 30, 2021, gold in process inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$9,093,000, \$310,000 and \$51,000, 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 June 30, 2021, ore stockpile inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$941,000, \$1,896,000 and \$738,000 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 six months ended June 30, 2021 is \$46,851,000 (June 30, 2020: \$41,373,000) and is included in cost of sales (Note 22).

9. RESTRICTED CASH

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



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10. MINING PROPERTIES, PLANT AND EQUIPMENT

	Notes	Company owned assets							Right-of-use assets					
		Mining properties			Plant & equipment				Plant & equipment				Grand total	
		Eagle River Complex	Kiena Complex	Sub-total	Eagle River Complex	Kiena Complex	Corporate	Sub-total	Total	Eagle River Complex	Kiena Complex	Corporate		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		14,964	-	14,964	2,341	-	-	2,341	17,305	2,950	-	-	2,950	20,255
Reversal of impairment charges	11	-	56,292	56,292	-	2,271	-	2,271	58,563	-	-	-	-	58,563
Balance, June 30, 2021		\$ 217,046	\$ 91,493	\$ 308,539	\$ 29,330	\$ 3,319	\$ 111	\$ 32,760	\$ 341,299	\$ 20,649	\$ 71	\$ 787	\$ 21,507	\$ 362,806
Accumulated Depletion														
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		10,142	-	10,142	1,527	218	-	1,745	11,887	1,858	8	94	1,960	13,847
Balance, June 30, 2021		\$ 107,455	\$ 35,201	\$ 142,656	\$ 20,818	\$ 793	\$ 46	\$ 21,657	\$ 164,313	\$ 4,315	\$ 17	\$ 520	\$ 4,852	\$ 169,165
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
June 30, 2021		\$ 109,591	\$ 56,292	\$ 165,883	\$ 8,512	\$ 2,526	\$ 65	\$ 11,103	\$ 176,986	\$ 16,334	\$ 54	\$ 267	\$ 16,655	\$ 193,641

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, Quebec.

The Kiena Mine is not subject to any underlying royalties.

11. 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 six months ended June 30, 2021, the Company recorded reversals of previous impairment charges of \$56,292,000 (June 30, 2020: \$nil) related to mining properties and \$2,271,000 (June 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.

12. 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 has reclassified the Kiena Mine from exploration properties to mines under development. 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	5,345	7,911	13,257	247	13,504
Balance, June 30, 2021	\$ 143,493	\$ 7,911	\$ 151,404	\$ 247	\$ 151,651

13. 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 mining 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
Write-down of Windarra exploration property	-	-	(3,113)	(3,113)
Gold revenue from a bulk sample	(3,905)	-	-	(3,905)
Sale of Moss Lake exploration property	-	(10,329)	-	(10,329)
Transfer to mines under development	(138,147)	-	-	(138,147)
Balance, June 30, 2021	<u>\$ 9,826</u>	<u>\$ -</u>	<u>\$ 5,376</u>	<u>\$ 15,202</u>

During the six months ended June 30, 2021, the Company recorded a write-down of the Windarra exploration property in the amount of \$3,113,000 as the Company does not foresee any operations at this site.

14. INVESTMENT IN ASSOCIATE

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

Associate name	Percentage Ownership		Carrying amount	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Goldshore Resources Inc.	30%	0%	\$ 19,466	\$ -

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

	<u>Goldshore Resources Inc.</u>
Balance, December 31, 2020	\$ -
Initial amount recognized upon acquisition (Note 5)	19,555
Company's share of associate's loss	(89)
Balance, June 30, 2021	<u>\$ 19,466</u>

15. PAYABLES AND ACCRUALS

	June 30, 2021	December 31, 2020
Trade payables and accrued liabilities	\$ 16,561	\$ 15,355
Employee related payables	5,335	4,937
Royalties payable	1,192	831
	\$ 23,088	\$ 21,123

16. LEASE LIABILITIES

Future minimum payments under lease obligations are as follows:

	June 30, 2021	December 31, 2020
No later than one year	\$ 7,140	\$ 6,290
Later than one year and no later than five years	6,640	5,778
Total minimum lease payments	13,780	12,068
Less: Interest portion at the weighted average interest rate of 4.46% (2020: 4.65%)	571	563
Total lease liabilities, secured by equipment	13,209	11,505
Less: Current portion	6,744	5,901
Long-term portion	\$ 6,465	\$ 5,604

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 Q2 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 June 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 June 30, 2021, the Company incurred \$334,000 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 half 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 June 30, 2021, \$11.0 million and US\$2.0 million was owing under the C\$ Leasing Facility and US\$ Leasing Facility, respectively.

17. 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 2.99%; and the Kiena Mine Complex is \$8,698,000 which is being discounted over a period of 7 years using a discount rate of 3.15% as at June 30, 2021. The Company has provided in aggregate \$16,600,000 in financial assurances (Notes 17 (a) and 14 (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 in Q1 2020 and the closure plans for the Eagle River Mine and the Mishi-Magnacon Mine are still being reviewed. 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 2021. The plan will be reviewed by the MERN and filed at a later date.

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	June 30, 2021	December 31, 2020
Balance, beginning of the period	\$ 15,243	\$ 7,027	\$ 22,270	\$ 21,443
Accretion expense for the period	219	15	234	354
Changes in estimates	(567)	(143)	(710)	473
	\$ 14,895	\$ 6,899	\$ 21,794	\$ 22,270

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 June 30, 2021, the total reclamation bonds issued to government environmental agencies amounted to \$16,600,000 (December 31, 2020: \$16,600,000).

18. CAPITAL STOCK

Authorized:

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

	<u>Notes</u>	<u>Shares</u>	<u>Amount</u>
Issued:			
Balance, December 31, 2019		137,992,453	\$ 174,789
Exercise of options	19	1,129,291	4,174
Exercise of RSUs	19	190,541	577
Balance, December 31, 2020		139,312,285	179,540
Exercise of options	19	492,806	1,818
Exercise of RSUs	19	220,043	786
Balance, June 30, 2021		140,025,134	\$ 182,144

19. 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.

As at June 30, 2021, awards to purchase 9,547,000 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 six months ended June 30, 2021 and 2020.

	Three months ended June 30,				Six months ended June 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	3,997,555	3.92	4,618,429	3.2	3,757,621	3.4	4,513,715	2.72
Granted	-	-	-	-	379,934	8.5	366,452	8.67
Exercised	(352,806)	2.58	(429,408)	2.56	(492,806)	2.5	(691,146)	2.58
Expired/Forfeited	(21,359)	7.08	-	-	(21,359)	7.08	-	-
Outstanding, end of period	<u>3,623,390</u>	<u>4.03</u>	<u>4,189,021</u>	<u>3.26</u>	<u>3,623,390</u>	<u>4.03</u>	<u>4,189,021</u>	<u>3.26</u>

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 six months ended June 30, 2021 and 2020 was \$11.58 and \$9.84, respectively.

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

Range of exercise prices	Outstanding Options			Exercisable Options	
	Number outstanding	Weighted average remaining life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
			\$	\$	
\$1.57 - \$1.86	575,000	0.13	1.57	575,000	1.57
\$1.87 - \$2.20	828,422	1.74	1.96	828,422	1.96
\$2.21 - \$3.29	766,000	0.69	2.8	766,000	2.8
\$3.30 - \$5.28	723,160	2.3	4.98	528,085	4.81
\$5.29 - \$13.83	730,808	4.25	8.72	101,894	8.67
	<u>3,623,390</u>	<u>2.67</u>	<u>4.04</u>	<u>2,799,401</u>	<u>2.89</u>

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

	Three months ended June 30,				Six months ended June 30,			
	2021		2020		2021		2020	
	Number of RSUs	Weighted average exercise price	Number of RSUs	Weighted average exercise price	Number of RSUs	Weighted average exercise price	Number of RSUs	Weighted average exercise price
	\$	\$	\$	\$	\$	\$	\$	
Outstanding, beginning of period	206,020	-	343,210	-	343,210	-	444,352	-
Granted	-	-	-	-	82,853	-	89,399	-
Exercised	-	-	-	-	(220,043)	8.5	(190,541)	6.97
Outstanding, end of period	<u>206,020</u>	<u>-</u>	<u>343,210</u>	<u>-</u>	<u>206,020</u>	<u>-</u>	<u>343,210</u>	<u>-</u>

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 six months ended June 30, 2021 and 2020.

	Three months ended June 30,				Six months ended June 30,			
	2021		2020		2021		2020	
	Number of PSUs	Weighted average exercise price	Number of PSUs	Weighted average exercise price	Number of PSUs	Weighted average exercise price	Number of PSUs	Weighted average exercise price
		\$		\$		\$		\$
Outstanding, beginning of period	255,105	-	89,399	-	89,399	-	-	-
Granted	-	-	-	-	165,706	-	89,399	-
Exercised	-	-	-	-	-	-	-	-
Outstanding, end of period	<u>255,105</u>	-	<u>89,399</u>	-	<u>255,105</u>	-	<u>89,399</u>	-

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 six months ended June 30, 2021 and 2020.

	Three months ended June 30,				Six months ended June 30,			
	2021		2020		2021		2020	
	Number of DSUs	Weighted average exercise price	Number of DSUs	Weighted average exercise price	Number of DSUs	Weighted average exercise price	Number of DSUs	Weighted average exercise price
		\$		\$		\$		\$
Outstanding, beginning of period	315,031	-	249,232	-	315,031	-	249,232	-
Granted	55,960	-	65,799	-	55,960	-	65,799	-
Exercised	-	-	-	-	-	-	-	-
Outstanding, end of period	<u>370,991</u>	-	<u>315,031</u>	-	<u>370,991</u>	-	<u>315,031</u>	-

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 six months ended June 30, 2021 and 2020, grant date fair value estimates were based on the following variables:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Weighted average fair value, per option (\$)	-	-	3.42	4.13
Weighted average risk-free interest rate (%)	-	-	0.47	0.65
Weighted average volatility (%)	-	-	56.63	55.85
Expected life (years)	-	-	3.0	3.0
Forfeiture rate (%)	-	-	7.8	9.7

The fair value compensation and contributed surplus relating to stock options, RSUs, PSUs and DSUs for the three and six months ended June 30, 2021 was \$1,203,000 and \$1,513,000 (2020: \$1,340,000 and 1,744,000).

20. EARNINGS PER SHARE

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Earnings available to common shareholders	\$ 87,807	\$ 16,097	\$ 94,910	\$ 27,610
Weighted average number of shares, basic (000s)	139,754	138,918	139,587	138,691
Dilutive securities (000s)	2,876	3,512	2,867	3,536
Weighted average number of shares, diluted (000s)	142,630	142,430	142,454	142,227
Basic earnings per share	\$0.63	\$0.12	\$0.68	\$0.20
Diluted earnings per share	\$0.62	\$0.11	\$0.67	\$0.19

21. REVENUES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues from mining operations				
Gold	\$ 63,802	\$ 54,724	\$ 109,736	\$ 112,019
Silver	79	48	118	85
	\$ 63,881	\$ 54,772	\$ 109,854	\$ 112,104

22. COST OF SALES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Mining	\$ 11,147	\$ 9,815	\$ 22,314	\$ 20,292
Processing	4,246	4,207	8,847	8,747
Site administration and camp costs	7,580	5,552	15,690	12,334
Change in inventories ¹	(978)	339	(1,644)	7,228
	<u>21,995</u>	<u>19,913</u>	<u>45,207</u>	<u>48,601</u>
Royalties	1,296	1,111	2,281	2,136
Depletion and depreciation	6,483	5,802	12,550	13,679
	<u>\$ 29,774</u>	<u>\$ 26,826</u>	<u>\$ 60,038</u>	<u>\$ 64,416</u>
(¹) Change in inventories				
Ore stock pile inventory	\$ 505	\$ (435)	\$ 326	\$ 6,239
Bullion and in-circuit inventory	(1,483)	774	(1,970)	989
	<u>\$ (978)</u>	<u>\$ 339</u>	<u>\$ (1,644)</u>	<u>\$ 7,228</u>

23. INTEREST AND OTHER

a) Interest expense

	Notes	Three Months Ended June 30,		Six Months Ended June 30,	
		2021	2020	2021	2020
Interest on lease liabilities	16	\$ 133	\$ 131	\$ 260	\$ 266
Premium on reclamation bonds		39	37	76	53
Interest on secured credit facility		99	116	194	220
		<u>\$ 271</u>	<u>\$ 284</u>	<u>\$ 530</u>	<u>\$ 539</u>

b) Other income (expenses)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Interest income	\$ 79	\$ 100	\$ 142	\$ 206
Foreign exchange (loss) gain	(313)	(148)	(557)	93
Amortization of deferred financing cost	(119)	(102)	(224)	(164)
Other expenses	(47)	(54)	(64)	(44)
	<u>\$ (400)</u>	<u>\$ (204)</u>	<u>\$ (703)</u>	<u>\$ 91</u>

24. SUPPLEMENTAL CASH FLOW INFORMATION

	Notes	Three Months Ended June 30,		Six Months Ended June 30,	
		2021	2020	2021	2020
Net changes in non-cash working capital					
Operating activities					
Accounts receivable and prepaids		\$ 339	\$ 370	\$ 699	\$ 1,299
Payables and accruals		(3,346)	(2,026)	7	(1,295)
Mining and income tax payable		4,250	1,770	5,346	4,038
Gold in process and ore stockpiles		(1,669)	339	(2,332)	7,228
Supplies and other		(705)	59	(681)	(102)
		<u>\$ (1,131)</u>	<u>\$ 512</u>	<u>\$ 3,039</u>	<u>\$ 11,168</u>
Investing activities					
Accounts receivable and prepaids		\$ (578)	\$ 11	\$ (736)	\$ (1,013)
Payables and accruals		1,318	(1,186)	1,958	153
		<u>\$ 740</u>	<u>\$ (1,175)</u>	<u>\$ 1,222</u>	<u>\$ (860)</u>
Non-cash transactions					
Change to decommissioning provisions	17	\$ (143)	\$ 875	\$ (710)	\$ 269
Assets acquired under finance leases		1,189	1,946	3,201	3,771
		<u>\$ 1,046</u>	<u>\$ 2,821</u>	<u>\$ 2,491</u>	<u>\$ 4,040</u>

25. 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 June 30, 2021		At December 31, 2020	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial Assets				
Cash and cash equivalents	\$ 67,799	\$ 67,799	\$ 63,480	\$ 63,480
Accounts receivable	922	922	2,481	2,481
Share consideration receivable	18,147	18,147	-	-
	<u>\$ 86,868</u>	<u>\$ 86,868</u>	<u>\$ 65,961</u>	<u>\$ 65,961</u>
Financial Liabilities				
Payables and accruals	\$ 23,088	\$ 23,088	\$ 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.

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 six months ended June 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 six months ended June 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 June 30, 2021:

	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables and accruals	\$ 23,088	\$ -	\$ -	\$ -
Income and mining tax payable	3,466	-	-	-
Lease liabilities	7,316	6,148	109	-
Purchase commitments ¹	30,446	-	-	-
Decommissioning provisions	-	-	-	25,925
Total	<u>\$ 64,316</u>	<u>\$ 6,148</u>	<u>\$ 109</u>	<u>\$ 25,925</u>

¹ The Company anticipates of the \$30,446,000 outstanding purchase commitments as at June 30, 2021 to finance \$5,667,000 with finance leases.

3) **Credit Risk**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company minimizes its credit risk by selling its gold exclusively to financial institutions. The Company's receivables consist 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.

26. **SUBSEQUENT EVENTS**

On July 12, 2021, the Company purchased an exploration property known as the Tarmac project (the "Property") from Globex Mining Enterprises Inc. ("Globex"). The Property is located close to the Kiena underground mine. Under the terms of the agreement, the Company will receive 100% ownership of the Property in return for:

- \$1 million in cash payable to Globex upon closing;
- A Gross Metal Royalty ("GMR") of 1% granted to Globex
 - The Company retains a 30 day right of first refusal with respect to any proposed sale by Globex of its interests in the GMR.