



WESDOME GOLD MINES LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2023

TABLE OF CONTENTS

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

Wesdome Gold Mines Ltd.

Condensed Interim Statements of Financial Position

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	As at June 30, 2023	As at December 31, 2022
Assets			
Current			
Cash and cash equivalents		\$ 22,067	\$ 33,185
Receivables and prepaids	5	16,227	12,755
Inventories	7	24,261	22,119
Income and mining tax receivable		5,988	6,494
Share consideration receivable	6	2,233	2,994
Total current assets		<u>70,776</u>	<u>77,547</u>
Restricted cash	8	1,176	1,176
Deferred financing costs	14	1,147	1,411
Mining properties, plant and equipment	9	519,202	525,860
Exploration properties	11	1,339	1,139
Marketable securities		600	960
Share consideration receivable	6	1,760	2,576
Investment in associate	12	5,320	8,458
Total assets		<u>\$ 601,320</u>	<u>\$ 619,127</u>
Liabilities			
Current			
Payables and accruals	13	\$ 30,883	\$ 54,734
Borrowings	14	38,779	54,697
Current portion of lease liabilities	15	4,028	6,160
Total current liabilities		<u>73,690</u>	<u>115,591</u>
Lease liabilities	15	2,065	3,126
Deferred income and mining tax liabilities		78,288	82,950
Decommissioning provisions	16	19,819	18,941
Total liabilities		<u>173,862</u>	<u>220,608</u>
Equity			
Equity attributable to owners of the Company			
Capital stock	17	237,957	205,361
Contributed surplus		9,421	7,359
Retained earnings		181,580	186,939
Accumulated other comprehensive loss		(1,500)	(1,140)
Total equity attributable to owners of the Company		<u>427,458</u>	<u>398,519</u>
Total liabilities and equity		<u>\$ 601,320</u>	<u>\$ 619,127</u>

Commitments (Note 24)

On behalf of the Board:

/s/ Anthea Bath
Director

/s/ Charles Main
Director



Wesdome Gold Mines Ltd.

See accompanying notes to the condensed interim financial statements.

Wesdome Gold Mines Ltd.

Condensed Interim Statements of Loss and Comprehensive Loss

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

	Notes	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Revenues	20	\$ 84,555	\$ 61,931	\$ 161,256	\$ 128,625
Cost of sales	21	<u>(84,048)</u>	<u>(51,374)</u>	<u>(145,466)</u>	<u>(96,080)</u>
Gross profit		<u>507</u>	<u>10,557</u>	<u>15,790</u>	<u>32,545</u>
Other expenses					
Corporate and general		4,007	3,221	7,669	6,596
Stock-based compensation	18	1,551	1,554	3,325	1,630
Retirement costs	25	-	-	1,190	-
Exploration and evaluation		1,267	4,213	2,227	7,169
Loss (gain) on disposal of mining equipment	9,10	99	(10)	317	(12)
Total other expenses		<u>6,924</u>	<u>8,978</u>	<u>14,728</u>	<u>15,383</u>
Operating (loss) income		(6,417)	1,579	1,062	17,162
Impairment of investment in associate	12	-	(11,800)	(2,700)	(11,800)
Fair value adjustment on share consideration receivable	6	459	(3,605)	(1,577)	(5,839)
Interest expense	22	(1,175)	(316)	(2,484)	(579)
Accretion of decommissioning provisions	16	(246)	(208)	(490)	(379)
Share of loss of associate	12	(310)	(131)	(666)	(543)
Gain (loss) on dilution of ownership	12	228	(429)	228	(634)
Other income	22	91	322	145	57
Loss before income and mining taxes		<u>(7,370)</u>	<u>(14,588)</u>	<u>(6,482)</u>	<u>(2,555)</u>
Income and mining tax expense (recovery)					
Current		1,522	1,788	3,540	4,276
Deferred		(3,878)	(2,045)	(4,663)	449
Total income and mining tax expense (recovery)		<u>(2,356)</u>	<u>(257)</u>	<u>(1,123)</u>	<u>4,725</u>
Net loss		\$ (5,014)	\$ (14,331)	\$ (5,359)	\$ (7,280)
Other comprehensive loss					
Change in fair value of marketable securities		(30)	(1,410)	(360)	(900)
Total comprehensive loss		\$ (5,044)	\$ (15,741)	\$ (5,719)	\$ (8,180)
Loss per share					
Basic	19	<u>\$ (0.03)</u>	<u>\$ (0.10)</u>	<u>\$ (0.04)</u>	<u>\$ (0.05)</u>
Diluted	19	<u>\$ (0.03)</u>	<u>\$ (0.10)</u>	<u>\$ (0.04)</u>	<u>\$ (0.05)</u>
Weighted average number of common shares (000s)					
Basic	19	148,001	142,478	146,242	142,146
Diluted	19	148,001	142,478	146,242	142,146



Wesdome Gold Mines Ltd.

See accompanying notes to the condensed interim financial statements.

Wesdome Gold Mines Ltd.

Condensed Interim Statements of Changes in Equity

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	Capital Stock	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance, December 31, 2021		\$ 187,911	\$ 5,859	\$ 201,645	\$ (240)	\$ 395,175
Net loss for the period ended						
June 30, 2022		-	-	(7,280)	-	(7,280)
Other comprehensive loss		-	-	-	(900)	(900)
Exercise of options	18	3,031	-	-	-	3,031
Value attributed to options exercised	18	1,173	(1,173)	-	-	-
Value attributed to RSUs exercised	18	638	(638)	-	-	-
Stock-based compensation	18	-	1,630	-	-	1,630
Balance, June 30, 2022		<u>\$ 192,753</u>	<u>\$ 5,678</u>	<u>\$ 194,365</u>	<u>\$ (1,140)</u>	<u>\$ 391,656</u>
Balance, December 31, 2022		\$ 205,361	\$ 7,359	\$ 186,939	\$ (1,140)	\$ 398,519
Net loss for the period ended						
June 30, 2023		-	-	(5,359)	-	(5,359)
At-the-Market offering:						
Common shares issued for cash	17	31,988	-	-	-	31,988
Agents' fees and issuance costs	17	(1,331)	-	-	-	(1,331)
Other comprehensive loss		-	-	-	(360)	(360)
Exercise of options	18	676	-	-	-	676
Value attributed to options exercised	18	276	(276)	-	-	-
Value attributed to RSUs exercised	18	616	(616)	-	-	-
Value attributed to PSUs exercised	18	371	(371)	-	-	-
Stock-based compensation	18	-	3,325	-	-	3,325
Balance, June 30, 2023		<u>\$ 237,957</u>	<u>\$ 9,421</u>	<u>\$ 181,580</u>	<u>\$ (1,500)</u>	<u>\$ 427,458</u>



Wesdome Gold Mines Ltd.

See accompanying notes to the condensed interim financial statements.

Wesdome Gold Mines Ltd.

Condensed Interim Statements of Cash Flows

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Operating Activities					
Net loss		\$ (5,014)	\$ (14,331)	\$ (5,359)	\$ (7,280)
Depreciation and depletion	21	28,215	11,316	47,340	19,670
Stock-based compensation	18	1,551	1,554	3,325	1,630
Accretion of decommissioning provisions	16	246	208	490	379
Deferred income and mining tax (recovery) expense		(3,878)	(2,045)	(4,663)	449
Amortization of deferred financing cost	22	132	85	264	169
Interest expense	22	1,175	316	2,484	579
Loss (gain) on disposal of mining equipment	9,10	99	(10)	317	(12)
Impairment of investment in associate	12	-	11,800	2,700	11,800
Fair value adjustment on share consideration receivable	6	(459)	3,605	1,577	5,839
Share of loss of associate	12	310	131	666	543
(Gain) loss on dilution of ownership	12	(228)	429	(228)	634
Foreign exchange gain on borrowings	14,15	(6)	(77)	(7)	(109)
Net changes in non-cash working capital	23	(8,169)	4,642	(26,773)	18,906
Mining and income tax refund (paid)		5	(5,522)	(3,034)	(11,203)
Net cash from operating activities		13,979	12,101	19,099	41,994
Financing Activities					
Proceeds from At-the-Market offering	17	10,998	-	31,988	-
Agents' fees and issuance costs	17	(401)	-	(1,331)	-
Proceeds from revolving credit facility	14	-	14,956	-	14,956
Repayment of revolving credit facility	14	(7,963)	(14,810)	(15,918)	(14,810)
Exercise of options	18	-	264	676	3,031
Repayment of lease liabilities	15	(1,410)	(2,345)	(3,194)	(4,431)
Interest paid	22	(1,175)	(316)	(2,484)	(579)
Net cash from (used in) financing activities		49	(2,251)	9,737	(1,833)
Investing Activities					
Additions to mining properties	9	(17,848)	(7,132)	(40,581)	(13,322)
Additions to mines under development	10	-	(31,200)	-	(59,613)
Purchase of exploration property	11	-	-	(200)	-
Funds held against standby letter of credit	8	-	(494)	-	(494)
Proceeds on disposal of mining equipment	9	827	20	827	20
Net cash used in investing activities		(17,021)	(38,806)	(39,954)	(73,409)
Decrease in cash and cash equivalents		(2,993)	(28,956)	(11,118)	(33,248)
Cash and cash equivalents - beginning of period		25,060	52,472	33,185	56,764
Cash and cash equivalents - end of period		\$ 22,067	\$ 23,516	\$ 22,067	\$ 23,516
Cash and cash equivalents consist of:					
Cash		\$ 22,067	\$ 23,516	\$ 22,067	\$ 23,516
Term deposits		-	-	-	-
		\$ 22,067	\$ 23,516	\$ 22,067	\$ 23,516



Wesdome Gold Mines Ltd.

See accompanying notes to the condensed interim financial statements.

Wesdome Gold Mines Ltd.
Notes to the Condensed Interim Financial Statements
Three and Six Months Ended June 30, 2023

(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, with one mine in Wawa, Ontario and one mine in Val d’Or, Québec. The Eagle River mine has been in operation for over 30 years. At Kiena, the Company completed a pre-feasibility study in support of the production restart decision and a restart of operations was announced on May 26, 2021. In Q4 2022, the Company declared commercial production at the Kiena Mine.

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 trades on the Toronto Stock Exchange under the symbol “WDO” with a secondary listing on the OTCQX under the symbol “WDOFF”. The registered and principal office of the Company is located at 220 Bay Street, Suite 1200, Toronto, Ontario, M5J 2W4.

2. BASIS OF PRESENTATION

These condensed interim 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 financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2022.

The accounting policies applied in preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company’s financial statements for the year ended December 31, 2022, with the exception of the new accounting policies described below.

The preparation of condensed interim 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 financial statements are consistent with those applied to the Company’s financial statements for the year ended December 31, 2022.

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

These condensed interim financial statements were authorized for issuance by the Board of Directors of the Company on August 10, 2023.

3. ACCOUNTING PRONOUNCEMENTS

New standards and interpretations

The following new standards and interpretations have been adopted since the release of the Company’s financial statements for the year ended December 31, 2022.



Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 *Presentation of Financial Statements* which require entities to disclose their “material” accounting policy information rather than their “significant” accounting policies.

The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12)

The IASB has issued amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 12 *Income Taxes* which clarify that the initial recognition exemption set out in IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

Standards not yet adopted

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

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

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

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. This is just a clarification and the Company has been consistently following above requirements. The amendment is expected to have no impact on the Company's financial statements on adoption.

Temporary relief from accounting for deferred taxes (Amendments to IAS 12)

The IASB has issued amendments to IAS 12. The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform.

The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. More than 135 countries and jurisdictions representing more than 90% of global GDP have agreed to the Pillar Two model rules.

The amendments will introduce:

- a temporary exception—to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules. This will help to ensure consistency in the financial statements while easing into the implementation of the rules; and
- targeted disclosure requirements—to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Companies can benefit from the temporary exception immediately but are required to provide the disclosures to investors for annual reporting periods beginning on or after January 1, 2023. The amendments are expected to have no impact on the Company's financial statements on adoption.

4. SEGMENT INFORMATION

The Company considers each of its mine sites as reportable segments for financial reporting purposes. Wesdome's Chief Operating Decision Maker ("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.

	Three Months Ended June 30, 2023			
	Eagle River Complex	Kiena Complex	Corporate and other	Total
Revenues	\$ 59,101	\$ 25,454	\$ -	\$ 84,555
Cost of sales excluding depreciation and depletion	(34,366)	(21,467)	-	(55,833)
Gross profit excluding depreciation and depletion	24,735	3,987	-	28,722
Depreciation and depletion	(12,974)	(15,177)	(64)	(28,215)
Other	45	(390)	(7,532)	(7,877)
Segment income (loss) before taxes	\$ 11,806	\$ (11,580)	\$ (7,596)	\$ (7,370)
Income and mining tax recovery				2,356
Net loss				(5,014)
Change in fair value of marketable securities				(30)
Total comprehensive loss				\$ (5,044)

	Three Months Ended June 30, 2022			
	Eagle River Complex	Kiena Complex	Corporate and other	Total
Revenues	\$ 47,685	\$ 14,246	\$ -	\$ 61,931
Cost of sales excluding depreciation and depletion	(27,938)	(12,120)	-	(40,058)
Gross profit excluding depreciation and depletion	19,747	2,126	-	21,873
Depreciation and depletion	(10,343)	(901)	(72)	(11,316)
Other	(130)	(67)	(24,948)	(25,145)
Segment income (loss) before taxes	\$ 9,274	\$ 1,158	\$ (25,020)	\$ (14,588)
Income and mining tax recovery			257	257
Net loss				(14,331)
Change in fair value of marketable securities				(1,410)
Total comprehensive loss				\$ (15,741)

	Six Months Ended June 30, 2023			
	Eagle River Complex	Kiena Complex	Corporate and other	Total
Revenues	\$ 120,253	\$ 41,003	\$ -	\$ 161,256
Cost of sales excluding depreciation and depletion	(63,030)	(35,096)	-	(98,126)
Gross profit excluding depreciation and depletion	57,223	5,907	-	63,130
Depreciation and depletion	(23,246)	(23,966)	(128)	(47,340)
Other	(122)	(685)	(21,465)	(22,272)
Segment income (loss) before taxes	\$ 33,855	\$ (18,744)	\$ (21,593)	\$ (6,482)
Income and mining tax recovery				1,123
Net loss				(5,359)
Change in fair value of marketable securities				(360)
Total comprehensive loss				\$ (5,719)

	Six Months Ended June 30, 2022			
	Eagle River Complex	Kiena Complex	Corporate and other	Total
Revenues	\$ 92,784	\$ 35,841	\$ -	\$ 128,625
Cost of sales excluding depreciation and depletion	(51,713)	(24,697)	-	(76,410)
Gross profit excluding depreciation	41,071	11,144	-	52,215
Depreciation and depletion	(17,977)	(1,554)	(139)	(19,670)
Other	(236)	(124)	(34,740)	(35,100)
Segment income (loss) before taxes	\$ 22,858	\$ 9,466	\$ (34,879)	\$ (2,555)
Income and mining tax expense				(4,725)
Net loss				(7,280)
Change in fair value of marketable securities				(900)
Total comprehensive loss				\$ (8,180)

	As at June 30, 2023			
	Eagle River Complex	Kiena Complex	Corporate and other	Total
Total assets	\$ 182,146	\$ 392,822	\$ 26,352	\$ 601,320
Total liabilities	\$ 25,494	\$ 20,497	\$ 127,871	\$ 173,862

5. RECEIVABLES AND PREPAIDS

	June 30, 2023	December 31, 2022
Sales tax receivable	\$ 7,270	\$ 7,324
Vendor deposits	6,593	4,396
Receivables and other	2,364	1,035
	<u>\$ 16,227</u>	<u>\$ 12,755</u>

6. SHARE CONSIDERATION RECEIVABLE

On May 31, 2021, Wesdome closed the sale of the Moss Lake Project (the “Project”) located in Ontario, Canada (the “Transaction”) with Goldshore Resources Inc. (“Goldshore”). Goldshore acquired all of Wesdome’s property, assets and rights related to Moss Lake and holds a 100% interest in Moss Lake. Under the terms of the agreement, Wesdome will receive shares of Goldshore in the form of milestone payments consisting of:

- Within 12 months from the closing date, such number of shares as is equal to \$5,000,000 divided by the greater of \$0.60 and the VWAP of Goldshore shares for twenty trading days prior to the date of issuance (previously received);
- such number of shares as is equal to \$7,500,000 divided by the greater of \$0.60 and the VWAP of Goldshore shares for twenty trading days prior to the date of issuance upon the earlier of (i) Goldshore completing an updated PEA or pre-feasibility study; and (ii) 30 months from closing;
- such number of shares as is equal to \$7,500,000 divided by the greater of \$0.60 and the VWAP of Goldshore shares for twenty trading days prior to the date of issuance 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 following table summarizes the change in the carrying amount of the Company’s share consideration receivable.

	June 30, 2023	December 31, 2022
Balance, beginning of period	\$ 5,570	\$ 15,289
Milestone shares received	-	(3,333)
Fair value adjustment	(1,577)	(6,386)
Balance, end of period	3,993	5,570
Less: Current portion	2,233	2,994
Long-term portion	\$ 1,760	\$ 2,576

To value the share consideration receivable, each milestone payment is measured using the Monte Carlo simulation method. Management assumed that the payments would be made at 5 months and 23 months from the financial statement date for the respective milestones. The Company’s share consideration receivable is measured at Fair Value Through Profit and Loss. See Note 24 for details regarding the calculation of the Company’s share consideration receivable.

The Company has recorded the investment in Goldshore using the equity method (Note 12).

7. INVENTORIES

	<u>Notes</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Gold in process	7(i), (ii)	\$ 14,125	\$ 15,275
Supplies		7,790	5,701
Ore stockpiles	7(iii)	2,346	1,143
		<u>\$ 24,261</u>	<u>\$ 22,119</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, 2023, gold in process inventory includes Eagle inventory carried at cost of \$9,275,000 and Kiena inventory carried at net realizable value of \$4,850,000. As at December 31, 2022, gold in process inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$11,942,000, \$15,000 and \$3,318,000, respectively.
- (iii) As at June 30, 2023, ore stockpile inventory includes Eagle inventory carried at cost of \$1,999,000 and Kiena inventory carried at net realizable value of \$347,000. As at December 31, 2022, ore stockpile inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$720,000, \$227,000 and \$196,000 respectively.

The amount of inventory recognized as an expense for the six months ended June 30, 2023 is \$96,818,000 (June 30, 2022: \$77,610,000) and is included in cost of sales (Note 21).

The amount of inventory recognized as an expense for the six months ended June 30, 2023 includes \$4,291,000 in respect of write-downs of inventory to net realizable value (June 30, 2022: \$Nil).

8. RESTRICTED CASH

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Cash deposit related to a mine closure plan (Note 16)	\$ 27	\$ 27
Cash pledged to a bank related to letters of credit	1,149	1,149
	<u>\$ 1,176</u>	<u>\$ 1,176</u>

9. MINING PROPERTIES, PLANT AND EQUIPMENT

	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, 2021	\$ 203,373	\$ 89,275	\$ 292,648	\$ 67,308	\$ 5,537	\$ 151	\$ 72,996	\$ 365,644	\$ 29,296	\$ 71	\$ 787	\$ 30,154	\$ 395,798	
Additions	19,299	2,556	21,855	15,876	5,668	-	21,544	43,399	2,071	589	-	2,660	46,059	
Transfer from mines under development	-	179,661	179,661	-	132,775	-	132,775	312,436	-	1,411	-	1,411	313,847	
Transfer	-	251	251	-	(251)	-	(251)	-	-	-	-	-	-	
Disposals	-	-	-	(181)	(51)	-	(232)	(232)	(304)	-	-	(304)	(536)	
Balance, December 31, 2022	\$ 222,672	\$ 271,743	\$ 494,415	\$ 83,003	\$ 143,678	\$ 151	\$ 226,832	\$ 721,247	\$ 31,063	\$ 2,071	\$ 787	\$ 33,921	\$ 755,168	
Additions	11,329	15,243	26,572	4,811	9,586	-	14,397	40,969	-	105	682	787	41,756	
Disposals	-	-	-	-	(15)	-	(15)	(15)	(821)	(1,518)	-	(2,339)	(2,354)	
Balance, June 30, 2023	\$ 234,001	\$ 286,986	\$ 520,987	\$ 87,814	\$ 153,249	\$ 151	\$ 241,214	\$ 762,201	\$ 30,242	\$ 658	\$ 1,469	\$ 32,369	\$ 794,570	
Accumulated Depletion and write-downs														
Balance, December 31, 2021	100,946	32,983	133,929	37,968	3,604	76	41,648	175,577	7,204	9	614	7,827	183,404	
Depletion	23,891	2,418	26,309	7,475	3,423	52	10,950	37,259	6,165	80	120	6,365	43,624	
Transfer from mines under development	-	-	-	-	2,369	-	2,369	2,369	-	193	-	193	2,562	
Transfer	-	(15)	(15)	-	15	-	15	-	-	-	-	-	-	
Disposals	-	-	-	(171)	(51)	-	(222)	(222)	(60)	-	-	(60)	(282)	
Balance, December 31, 2022	\$ 124,837	\$ 35,386	\$ 160,223	\$ 45,272	\$ 9,360	\$ 128	\$ 54,760	\$ 214,983	\$ 13,309	\$ 282	\$ 734	\$ 14,325	\$ 229,308	
Depletion	15,369	13,812	29,181	5,076	8,987	22	14,085	43,266	3,114	100	50	3,264	46,530	
Disposals	-	-	-	-	(6)	-	(6)	(6)	(205)	(259)	-	(464)	(470)	
Balance, June 30, 2023	\$ 140,206	\$ 49,198	\$ 189,404	\$ 50,348	\$ 18,341	\$ 150	\$ 68,839	\$ 258,243	\$ 16,218	\$ 123	\$ 784	\$ 17,125	\$ 275,368	
Net carrying amount														
December 31, 2022	\$ 97,835	\$ 236,357	\$ 334,192	\$ 37,731	\$ 134,318	\$ 23	\$ 172,072	\$ 506,264	\$ 17,754	\$ 1,789	\$ 53	\$ 19,596	\$ 525,860	
June 30, 2023	\$ 93,795	\$ 237,788	\$ 331,583	\$ 37,466	\$ 134,908	\$ 1	\$ 172,375	\$ 503,958	\$ 14,024	\$ 535	\$ 685	\$ 15,244	\$ 519,202	

(i) Eagle River Complex

The Eagle River Complex consists of the Eagle River Mine and the Eagle River Mill and all related infrastructure and equipment. The Eagle River Mine is subject to a 2% net smelter return royalty.

(ii) Kiena Mine Complex

The Kiena Mine Complex consists of the Kiena Mine concession, Kiena Mill, related infrastructure and equipment and land position in the Township of Dubuisson, Quebec. The Kiena Mine is not subject to any underlying royalties.

10. MINES UNDER DEVELOPMENT

On December 1, 2022 the Company declared commercial production at the Kiena Mine. As a result, the Company reclassified the Kiena Mine from mines under development to mining properties, plant and equipment on December 1, 2022. As required, the Company performed an impairment test upon reclassification to mining properties, plant and equipment. 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, 2021	\$ 154,914	\$ 58,812	\$ 213,726	\$ 363	\$ 214,089
Additions	24,747	74,707	99,454	1,411	100,865
Disposals	-	(744)	(744)	(363)	(1,107)
Depletion	-	(2,369)	(2,369)	(193)	(2,562)
Transfer to mining properties, plant and equipment	(179,661)	(130,406)	(310,067)	(1,218)	(311,285)
Balance, December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -
Balance, June 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -

11. EXPLORATION PROPERTIES

	Kiena Group	Eagle Group	Total
Balance, December 31, 2021	\$ 1,139	\$ -	\$ 1,139
Balance, December 31, 2022	1,139	-	1,139
Purchase of exploration property	-	200	200
Balance, June 30, 2023	\$ 1,139	\$ 200	\$ 1,339

12. INVESTMENT IN ASSOCIATE

Details of the Company's investment in associate as at June 30, 2023 and December 31, 2022 are as follows:

Associate name	Percentage Ownership		Carrying amount	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Goldshore Resources Inc.	18%	23%	\$ 5,320	\$ 8,458

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

Balance, December 31, 2021	\$	19,058
Share of loss of associate		(1,652)
Loss on dilution of ownership		(481)
Milestone shares received		3,333
Impairment charge		(11,800)
Balance, December 31, 2022	\$	8,458
Gain on dilution of ownership		228
Share of loss of associate		(666)
Impairment charge		(2,700)
Balance, June 30, 2023		5,320

The Company recorded an impairment charge on its investment in associate in Q2 2022. The impairment resulted from the significant and prolonged decrease in Goldshore's share price and deterioration of market conditions for exploration companies. An additional impairment charge of \$2,700,000 was recorded in Q1 2023 due to a continued decrease in Goldshore's share price. No further impairment charges or reversal of prior period impairment charges were recorded in Q2 2023.

The Company used the fair value less costs of disposal in calculating the recoverable amount of \$5,402,000 as at March 31, 2023. Goldshore's shares are quoted on an active market and therefore considered a Level 1 input. The Company used an estimate of \$0.02 per share as potential costs of disposal.

The fair value of the Company's ownership interest in Goldshore, based on the quoted market price as at March 31, 2023 (Level 1 in the fair value hierarchy) is \$6,147,000 without considering costs of disposal (December 31, 2022 - \$9,412,000).

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 financial statements, which is as at March 31, 2023.

	<u>March 31, 2023</u>
Current assets	\$ 1,846
Non-current assets	85,753
Total assets	87,599
Current liabilities	2,034
Non-current liabilities	11,741
Total liabilities	13,775
Net assets	73,824
Company's equity share of net assets	\$ 13,288
Loss and comprehensive loss for the year ended March 31, 2023	\$ 7,021

13. PAYABLES AND ACCRUALS

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Trade payables and accrued liabilities	\$ 22,426	\$ 46,967
Employee related payables	7,380	6,689
Royalties payable	1,077	1,078
	<u>\$ 30,883</u>	<u>\$ 54,734</u>

14. BORROWINGS

Wesdome has access to a senior secured revolving credit facility (“NBF Facility”) expiring August 25, 2025, led by National Bank Financial Inc. (“NBF”) in the amount of \$150,000,000. As at June 30, 2023, 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 1.75% to 2.75% over NBF’s Prime Rate or Base Rate, as applicable, (ii) Canadian dollar Bankers’ Acceptances at acceptance fees ranging from 2.75% to 3.75%, and (iii) U.S. dollar Secured Overnight Financing Rate (“SOFR”), with interest rates ranging from 2.75% to 3.75% over SOFR. The actual spread or rate will be determined based on the Company’s net leverage ratio. The Facility is also available for letters of credit. As of June 30, 2023, CDN\$39,000,000 was owing under the NBF facility, bearing an interest rate of 7.98% per annum.

The balance at June 30, 2023 is recorded net of costs of \$221,000 (December 31, 2022 - \$303,000), which are being recognized in net income over the term of the loan on an effective interest basis.

15. LEASE LIABILITIES

Future minimum payments under lease obligations are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
No later than one year	\$ 4,256	\$ 6,450
Later than one year and no later than three years	2,150	3,230
Total minimum lease payments	<u>6,406</u>	<u>9,680</u>
Less: Interest portion at the weighted average interest rate of 5.14% (2022: 4.24%)	<u>313</u>	<u>394</u>
Total lease liabilities, secured by equipment	6,093	9,286
Less: current portion	4,028	6,160
Long-term portion	<u>\$ 2,065</u>	<u>\$ 3,126</u>

Lease Facilities

The Company currently has a leasing facility with a chartered Canadian bank and a leasing facility with a U.S. based leasing company. As at June 30, 2023, \$4,696,000 and USD \$356,000 was owing under the C\$ Leasing Facility and US\$ Leasing Facility, respectively. These amounts are included in the lease liabilities above.

16. 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. Filed Closure Plans are in place at both Eagle River Complex and Kiena Complex, these plans are updated and amended as required by the relevant regulatory bodies when material changes are contemplated. Activities at Eagle River Complex are covered under four Closure Plans: Eagle River Mill, Eagle River Mine, Mishi Pit and Magnacon, though the Mishi Pit and Magnacon Closure Plans are currently being consolidated. There is one Closure Plan for the entirety of the Kiena Complex.

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 \$16,754,000 and the Kiena Mine Complex to be \$ 10,253,000. The estimated costs have been discounted over a period of five to eight years using discount rates between 5.31% and 5.61% as at June 30, 2023. The Company has provided in aggregate \$16,567,000 in financial assurances for these future environmental obligations.

The Closure Plans for Eagle River Complex were amended and submitted in 2019 to the Ontario Ministry of Northern Development, Mines, Natural Resources & Forestry ("NDMNR"). An additional Closure Plan amendment for the Eagle River Mill was submitted in 2021 and was approved that same year. The Closure Plan amendment for the Eagle River Mine submitted in 2019 is still under review, and in December 2021, the Company submitted an updated draft of the consolidated Mishi Pit/Magnacon Plan for review, replacing the previous (2019) amendment. The Company has obtained financial commitment from the financial institution to amend the surety bonds for the anticipated increases 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 Complex in Q2 2021. The plan is currently under review by MERN and is expected to be filed in 2023. Additional information was provided to MERN in early 2023 and the plan is currently under review, with filing expected in late 2023/early 2024.

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, 2023	December 31, 2022
Balance, beginning of the period	\$ 12,855	\$ 6,086	\$ 18,941	\$ 21,191
Accretion expense for the period	326	164	490	860
Changes in estimates	(476)	864	388	(3,110)
	<u>\$ 12,705</u>	<u>\$ 7,114</u>	<u>\$ 19,819</u>	<u>\$ 18,941</u>

As at December 31, 2022, the decommissioning provision was decreased by \$3,110,000, with the corresponding decrease in mining assets, resulting primarily from an increase in discount rates approximating 3.3% in December 2021 to 5.4% in December 2022.

As at June 30, 2023, the decommissioning provision has been increased by \$388,000 for changes in estimates, with the corresponding increase in mining assets, resulting primarily from an increase in closure cost estimates for the Kiena Complex.

b) Reclamation bond

The Company has an agreement with a financial institution whereby the financial institution has issued unsecured surety bonds to the extent of \$9,540,000 to satisfy the Company's financial assurance requirements for the Eagle River Complex, and \$7,027,000 to satisfy the Kierna Complex requirements. As at June 30, 2023, the total reclamation bonds issued to government environmental agencies amounted to \$16,567,000 (December 31, 2022 - \$16,567,000).

17. 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, 2021		141,633,546	\$ 187,911
Exercise of options	18	753,697	4,204
Exercise of RSUs	18	99,283	638
At-the-Market offering - common shares net of costs ⁽¹⁾		<u>1,593,900</u>	<u>12,608</u>
Balance December 31, 2022		144,080,426	205,361
Exercise of options	18	345,109	952
Exercise of RSUs	18	62,125	616
Exercise of PSUs	18	50,611	371
At-the-Market offering - common shares net of costs ⁽¹⁾		<u>4,413,476</u>	<u>30,657</u>
Balance June 30, 2023		<u>148,951,747</u>	<u>\$ 237,957</u>

⁽¹⁾ At-the-Market Offering:

On December 2, 2022, the Company entered into an equity distribution agreement with a syndicate of agents for an at-the-market equity distribution program (the "ATM Program").

Pursuant to the ATM Program, the Company may issue and sell up to \$100,000,000 in common shares (the "ATM Shares") from treasury. The volume and timing of distributions under the ATM Program, if any, will be determined at the Company's sole discretion, subject to applicable regulatory limitations. The ATM Shares sold under the ATM Program will be sold at or near the prevailing market price on the TSX or the OTCQX, as applicable, at the time of sale. Unless earlier terminated by the Company or the agents as permitted therein, the ATM Program will terminate upon the earlier of:

- (a) the date that the aggregate gross sales proceeds of the ATM Shares sold under the ATM Program reaches the amount of \$100,000,000, or 25 months from the commencement date of the program.

During the year ended December 31, 2022, the Company issued 1,593,900 common shares under the ATM Program for gross proceeds of \$13,080,000 with aggregate costs of \$472,000, net of deferred taxes of \$160,000. During the six months ended June 30, 2023, the Company issued 4,413,476 common shares under the ATM Program for gross proceeds of \$31,988,000 with aggregate costs of \$1,331,000.

18. STOCK-BASED COMPENSATION

On May 3, 2017, the shareholders of the Company approved the 2017 Omnibus Plan pursuant to which it was 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.

Under the 2017 Omnibus Plan, the maximum number of common shares issuable from treasury pursuant to awards was not to 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 the Company (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 11,695,556.

As at June 30, 2023, awards to purchase 3,628,769 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, 2023 and 2022.

	Three months ended June 30, 2023		2022		Six months ended June 30, 2023		2022	
	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	1,897,296	8.87	1,568,204	8.17	1,492,510	8.39	1,960,548	5.22
Granted	98,837	6.74	25,168	12.79	869,335	6.80	396,640	15.78
Exercised	-	-	(66,733)	3.95	(345,109)	1.96	(753,697)	4.02
Forfeited	(93,559)	10.28	(20,025)	7.95	(114,162)	10.74	(96,877)	7.78
Outstanding, end of period	1,902,574	8.69	1,506,614	8.43	1,902,574	8.69	1,506,614	8.43

On March 14, 2023, the Company granted 770,498 (March 15, 2022 – 371,472) stock options to its employees and officers, under its 2020 Omnibus Plan. On June 30, 2023, the Company granted 98,837 (June 23, 2022 – 25,168) stock options to one of its officers, under its 2020 Omnibus Plan. All stock options granted have a three-year vesting term commencing on the anniversary date of the issue.

The weighted average share price at the date of exercise for stock options exercised during the six months ended June 30, 2023 and 2022 was \$7.13 and \$14.54, respectively.

The following table outlines share options outstanding at June 30, 2023:

Range of exercise prices	Outstanding Options			Exercisable, in the money Options	
	Number outstanding	Weighted average remaining life (years)	Weighted average exercise price \$	Number outstanding	Weighted average exercise price \$
5.28 - 6.73	243,807	0.66	5.28	243,807	5.28
6.74 - 8.49	835,844	4.74	6.80	-	-
8.50 - 13.83	508,510	2.35	8.92	-	-
13.84 - 15.98	314,413	3.71	15.98	-	-
	1,902,574	3.41	8.69	243,807	5.28

The following table reflects the continuity of RSUs granted for the three and six months ended June 30, 2023 and 2022.

	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
	Number of RSUs	Weighted average grant date fair value \$	Number of RSUs	Weighted average grant date fair value \$	Number of RSUs	Weighted average grant date fair value \$	Number of RSUs	Weighted average grant date fair value \$
Outstanding, beginning of period	148,992	8.97	115,688	11.26	115,688	11.26	206,020	7.12
Granted	82,350	7.89	-	-	177,779	7.31	46,363	15.98
Exercised	-	-	-	-	(62,125)	9.91	(99,283)	6.40
Forfeited	-	-	-	-	-	-	(37,412)	5.85
Outstanding, end of period	<u>231,342</u>	<u>8.59</u>	<u>115,688</u>	<u>11.26</u>	<u>231,342</u>	<u>8.59</u>	<u>115,688</u>	<u>11.26</u>

On March 14, 2023, the Company granted 95,429 (March 15, 2022 – 46,363) RSUs to its employees and officers, under its 2020 Omnibus plan. In Q2 2023, the Company granted 82,350 RSUs to its officers, under its 2020 Omnibus Plan. The RSUs granted have a three-year vesting term commencing on the anniversary date of the issue.

The following table reflects the continuity of PSUs granted for the three and six months ended June 30, 2023 and 2022.

	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
	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	419,469	9.38	299,265	10.54	299,265	10.54	255,105	8.09
Granted	75,668	6.74	-	-	266,530	6.79	92,725	15.98
Exercised	-	-	-	-	(50,611)	7.34	-	-
Forfeited	-	-	-	-	(20,047)	7.34	(48,565)	7.34
Outstanding, end of period	<u>495,137</u>	<u>8.98</u>	<u>299,265</u>	<u>10.54</u>	<u>495,137</u>	<u>8.98</u>	<u>299,265</u>	<u>10.54</u>

On March 14, 2023, the Company granted 190,862 (March 15, 2022 – 92,725) PSUs to its employees and officers, under its 2020 Omnibus Plan. On June 30, 2023, the Company granted 75,668 PSUs to one of its officers, under its 2020 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, 2023 and 2022.

	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
	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	444,320	6.99	370,991	6.07	429,636	6.99	370,991	6.07
Granted	95,762	8.51	58,645	12.79	110,446	8.28	58,645	12.79
Redeemed	-	-	-	-	-	-	-	-
Outstanding, end of period	<u>540,082</u>	<u>7.26</u>	<u>429,636</u>	<u>6.99</u>	<u>540,082</u>	<u>7.26</u>	<u>429,636</u>	<u>6.99</u>

On March 14, 2023, the Company granted 14,684 DSUs to a non-management board member, under its 2020 Omnibus Plan. In May 2023, the Company granted 95,762 (June 2022 – 58,645) DSUs to non-management board members, under its 2020 Omnibus 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, 2023 and 2022, grant date fair value estimates were based on the following variables:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Weighted average fair value, per option (\$)	2.58	4.09	2.51	5.21
Weighted average risk-free interest rate (%)	4.19	3.24	3.75	1.78
Weighted average volatility (%)	52.26	49.31	51.93	49.40
Expected life (years)	3.5	2.89	3.3	3.3
Forfeiture rate (%)	9.4	10.4	8.9	9.4

The stock-based compensation expense relating to stock options, RSUs, PSUs and DSUs net of forfeitures for the three and six months ended June 30, 2023 was \$1,551,000 and \$3,325,000 (2022: \$1,554,000 and \$1,630,000).

19. LOSS PER SHARE

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Loss attributable to common shareholders	\$ (5,014)	\$ (14,331)	\$ (5,359)	\$ (7,280)
Weighted average number of shares, basic (000s)	148,001	142,478	146,242	142,146
Dilutive securities – options and RSU (000s)	-	-	-	-
Weighted average number of shares, diluted (000s)	148,001	142,478	146,242	142,146
Basic loss per share	\$(0.03)	\$(0.10)	\$(0.04)	\$(0.05)
Diluted loss per share	\$(0.03)	\$(0.10)	\$(0.04)	\$(0.05)
Number of shares excluded from diluted earnings per share calculation due to anti-dilutive effect:				
Options (000s)	927	1,183	962	1,412

20. REVENUES

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues from mining operations				
Gold	\$ 84,485	\$ 61,870	\$ 161,100	\$ 128,476
Silver	70	61	156	149
	\$ 84,555	\$ 61,931	\$ 161,256	\$ 128,625

21. COST OF SALES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Mining and processing				
Mining	\$ 26,427	\$ 22,519	\$ 53,435	\$ 43,434
Processing	8,417	5,948	15,328	11,741
Site administration and camp costs	13,694	11,944	28,055	22,435
Change in inventories ¹	6,123	(1,175)	(862)	(2,925)
	<u>54,661</u>	<u>39,236</u>	<u>95,956</u>	<u>74,685</u>
Royalties	1,172	822	2,170	1,725
Depletion and depreciation	28,215	11,316	47,340	19,670
	<u>\$ 84,048</u>	<u>\$ 51,374</u>	<u>\$ 145,466</u>	<u>\$ 96,080</u>
⁽¹⁾ Change in inventories				
Ore stock pile inventory	\$ 3,597	\$ 522	\$ (864)	\$ 628
Bullion and in-circuit inventory	2,526	(1,697)	2	(3,553)
	<u>\$ 6,123</u>	<u>\$ (1,175)</u>	<u>\$ (862)</u>	<u>\$ (2,925)</u>

22. INTEREST AND OTHER

a) Interest expense

	Notes	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Interest on lease liabilities	15	\$ 78	\$ 144	\$ 177	\$ 271
Premium on reclamation bonds		45	38	82	75
Interest on secured credit facility		1,052	134	2,225	233
		<u>\$ 1,175</u>	<u>\$ 316</u>	<u>\$ 2,484</u>	<u>\$ 579</u>

b) Other income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest income	\$ 295	\$ 92	\$ 542	\$ 161
Foreign exchange (loss) gain	(27)	345	(43)	119
Amortization of deferred financing cost	(132)	(85)	(264)	(169)
Other expense	(45)	(30)	(90)	(54)
	<u>\$ 91</u>	<u>\$ 322</u>	<u>\$ 145</u>	<u>\$ 57</u>

23. SUPPLEMENTAL CASH FLOW INFORMATION

	Notes	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Net changes in non-cash working capital					
Operating activities					
Accounts receivable and prepaids		\$ (2,403)	\$ 5,278	\$ (3,510)	\$ 5,450
Payables and accruals		(11,633)	(466)	(23,853)	13,232
Mining and income tax payable		1,523	1,788	3,541	4,276
Gold in process and ore stockpiles		6,123	(1,175)	(862)	(2,925)
Supplies and other		(1,779)	(783)	(2,089)	(1,127)
		<u>\$ (8,169)</u>	<u>\$ 4,642</u>	<u>\$ (26,773)</u>	<u>\$ 18,906</u>
Non-cash transactions					
Change to decommissioning provisions	16	\$ (546)	\$ (869)	\$ 388	\$ (2,981)
Assets acquired under leases	15	720	818	787	2,793
		<u>\$ 174</u>	<u>\$ (51)</u>	<u>\$ 1,175</u>	<u>\$ (188)</u>

24. FINANCIAL INSTRUMENTS

Fair Values

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).

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, 2023		At December 31, 2022	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial Assets				
Cash and cash equivalents	\$ 22,067	\$ 22,067	\$ 33,185	\$ 33,185
Accounts receivable	1,433	1,433	231	231
Share consideration receivable	3,993	3,993	5,570	5,570
Marketable securities	600	600	960	960
	<u>\$ 28,093</u>	<u>\$ 28,093</u>	<u>\$ 39,946</u>	<u>\$ 39,946</u>
Financial Liabilities				
Payables and accruals	\$ 30,883	\$ 30,883	\$ 54,734	\$ 54,734
Borrowings	38,779	38,779	54,697	54,697
	<u>\$ 69,662</u>	<u>\$ 69,662</u>	<u>\$ 109,431</u>	<u>\$ 109,431</u>

The fair value of cash and cash equivalents, accounts receivable, payables and borrowings approximate their carrying amounts due to their short-term nature. Marketable securities are measured using quoted prices in active markets which are considered Level 1 inputs. The value of the share consideration receivable is considered a level 3 measurement, and is calculated using the following Level 1, Level 2 and Level 3 assumptions.

Type	Valuation Technique	Key Inputs	Inter-Relationship Between Significant Inputs and Fair Value Measurements
Share consideration receivable - short term and long term	The fair value of the share consideration receivable has been calculated using the Monte Carlo simulation method	<p><i>Key observable inputs (Level 1)</i></p> <p>-stock price at June 30, 2023: \$0.18 per share</p> <p><i>Key observable inputs (Level 2)</i></p> <p>-Risk free interest rate: 4.55% - 4.92%</p> <p>-Dividend yield: 0%</p> <p><i>Key unobservable inputs (Level 3)</i></p> <p>-Volatility: 96.75%</p>	The estimated fair value would increase (decrease) if: -The share price was higher (lower) -The dividend yield was lower (higher) -The volatility was lower (higher)

The following table presents the potential impact to the Company's net loss to changes in the expected volatility

	Net Loss and Total Comprehensive Loss	
	Increase	Decrease
Expected volatility (10% movement vs. the model input)	\$ 157	\$ 97

Financial Instrument and Related Risks

1) Market Risk

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

(a) Commodity price risk

The Company's financial performance is closely linked to the price of gold which is impacted by world economic events that dictate the levels of supply and demand. The Company had no gold price hedge contracts in place as at or during the three and six months ended June 30, 2023 and 2022.

(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 as at or during the three and six months ended June 30, 2023 and 2022.

(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, access to its existing credit facility, 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, lease liabilities and other financial obligations as at June 30, 2023:

	At June 30, 2023		At December 31, 2022	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial Assets				
Cash and cash equivalents	\$ 22,067	\$ 22,067	\$ 33,185	\$ 33,185
Accounts receivable	1,433	1,433	231	231
Share consideration receivable	3,993	3,993	5,570	5,570
Marketable securities	600	600	960	960
	\$ 28,093	\$ 28,093	\$ 39,946	\$ 39,946
Financial Liabilities				
Payables and accruals	\$ 30,883	\$ 30,883	\$ 54,734	\$ 54,734
Borrowings	38,779	38,779	54,697	54,697
	\$ 69,662	\$ 69,662	\$ 109,431	\$ 109,431

	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables and accruals	\$ 30,883	\$ -	\$ -	\$ -
Borrowings	39,000	-	-	-
Lease liabilities	4,256	2,128	22	-
Purchase commitments	26,964	-	-	-
Decommissioning provisions	-	-	-	27,007
Total	\$ 101,103	\$ 2,128	\$ 22	\$ 27,007

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.

25. RETIREMENT COSTS

The Company incurred a total retirement allowance of \$2,100,000, which includes a cash payment of \$1,190,000 and the accelerated vesting of stock-based compensation of \$910,000 to the former Chief Executive Officer (June 30, 2022 - \$Nil).