



WESDOME GOLD MINES LTD.
2022 Annual
MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Wesdome Gold Mines Ltd.'s ("Wesdome" or the "Company") audited financial statements for the years ended December 31, 2022 and 2021, and their related notes ("financial statements") which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All dollar amounts stated in this MD&A are denominated in thousands of Canadian dollars, except per share data and unless otherwise indicated. The discussion and analysis within this MD&A are effective as of February 22, 2023.

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

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

Abbreviation	Period	Abbreviation	Period
Q4 2022	October 1, 2022 – December 31, 2022	Q4 2021	October 1, 2021 – December 31, 2021
Q3 2022	July 1, 2022 – September 30, 2022	Q3 2021	July 1, 2021 – September 30, 2021
Q2 2022	April 1, 2022 – June 30, 2022	Q2 2021	April 1, 2021 – June 30, 2021
Q1 2022	January 1, 2022 – March 31, 2022	Q1 2021	January 1, 2021 – March 31, 2021
FY 2022	January 1, 2022 – December 31, 2022	FY 2021	January 1, 2021 – December 31, 2021

NON-IFRS PERFORMANCE MEASURES

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

The non-IFRS performance measures include - average realized price of gold sold; cash costs per ounce of gold sold; production costs per tonne milled; cash margin; all-in sustaining costs ("AISC"); free cash flow and operating and free cash flow per share; and net income (loss) (adjusted) and adjusted net income (loss) per share and earnings before interest, taxes and depreciation and amortization ("EBITDA").

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

BUSINESS OVERVIEW

Wesdome is a public company existing under the laws of Ontario. The common shares of the Company are listed on the Toronto Stock Exchange ("TSX") under the symbol "WDO" 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.

Wesdome is Canadian focused with two producing underground gold mines. The Company's goal is to build Canada's next intermediate gold producer, producing over 200,000 ounces from two mines in Ontario and Québec. The Eagle River Complex in Wawa, Ontario is currently producing gold at a rate of 80,000 – 90,000 ounces per year. The recently re-started Kiena Complex in Val d'or, Quebec is a fully permitted underground mine and milling operation. The Kiena Mine is expected to produce 30,000 – 40,000 ounces in 2023. Wesdome is actively exploring both underground and on surface within the mine areas and more regionally at both the Eagle River and Kiena Complex. The Company also retains meaningful exposure to the Moss Lake gold deposit,



located 100 kilometres west of Thunder Bay, Ontario through its equity position in Goldshore Resources Inc. Additional financial information relating to Wesdome, including the Company's Annual Information Form, can be found on the Company's website: www.wesdome.com or on the SEDAR website: www.sedar.com

FY 2022 PERFORMANCE

Operations and Financial Results	Comparison to FY 2021
Gold production of 110,850 ounces.	Gold production decreased by 10% due to a 19% decrease in production from the Eagle River Complex resulting from lower head grade; partially offset by an increase of 29% from Kiena due to higher throughput.
Cash costs of \$1,500 (US\$1,153) per ounce of gold sold ^{1,2,3} .	Cash costs ¹ in Canadian dollars increased by 52% from 2021 of \$990 (US\$789) per ounce due to a 5% decrease in ounces sold and a 45% increase in aggregate mine operating costs. The aggregate mine operating costs increased by \$9.1 million or 9% at Eagle River due to more ore development metres, waste movement, improvements made to strengthen the technical and mine management team at site, general maintenance of site infrastructure and inflationary pressure. Kiena's aggregate operating costs increased by \$43.2 million or 238% primarily due to the restart of the mine and ramping up operations in anticipation of declaring commercial production, which was delayed until December 1, 2022 due to supply chain challenges in sourcing vital equipment necessary to deal with challenging ground conditions within the Kiena Deep A zone.
AISC of \$2,020 (US\$1,552) per ounce of gold sold ^{1,2,3} .	AISC ¹ in Canadian dollars increased by 43% from 2021 of \$1,408 (US\$1,123) per ounce due to the increased cash costs and an increase in capital spending at Eagle River resulting from the replacement of aging site infrastructure.
Cash margin of \$95.7 million ^{1,4} .	Cash margin ¹ decreased by 34% or \$49.7 million from 2021 due to fewer ounces sold and increased operating costs; partially offset by a higher Canadian dollar realized gold price.
Operating cash flow of \$65.2 million or \$0.46 per share ^{1,2,3,4} .	Decreased by 50% or \$65.8 million from 2021 cash flow from operations of \$131.0 million or \$0.93 per share ¹ due to lower cash margin ¹ and increased income and mining tax instalment payments, which are based on 2021 taxable income.
Free cash outflow of \$90.2 million or (\$0.63) per share ¹ .	The free cash outflow ¹ increased by \$68.9 million from 2021 primarily due to the lower cash margin ¹ . Invested \$146.0 million in capital expenditures at Eagle River and Kiena. Of that, \$100.6 million was spent in 2022 in support of the restart of the Kiena mine.

Net loss attributable to shareholders of \$14.7 million or (\$0.10) per share^{2,4}. Adjusted net loss¹ attributable to shareholders of \$5.9 million or (\$0.04) per share⁴.	Net income decreased by \$146.0 million from \$131.3 million in 2021 because of the decrease in cash margin of \$49.7 million, the increase in depreciation of \$16.5 million due to a larger depreciable asset base, the 2021 after-tax gain on the disposal of the Moss Lake mineral properties of \$30.2 million and the 2021 \$36.3 million after-tax reversal of the previous Kiena impairment charge. After removing these one-time items, the adjusted net income¹ decreased by \$75.8 million from 2021.
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- 1 Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the Financial Statements.
- 2 Includes a \$0.4 million charge for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.
- 3 In determining the Cash cost per ounce and AISC per ounce for FY 2021, the total ounces sold includes 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.
- 4 FY 2021 excludes \$3.9 million of revenue from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The incidental revenue was credited against the cost of the Kiena exploration asset.

Production Metrics and Exploration Updates	Performance
Eagle River Complex	• FY 2022 gold production from the Eagle River Complex decreased by 19% from FY 2021 to 82,002 ounces of gold, primarily due to lower realized head grade, as the high grade 303 zone was depleted and the newly developed Falcon zone actual grade was not as high as expected. Gold production from Mishishiki was also lower than in 2021 as the stockpiled ore nears depletion. Head grade at the Eagle River Complex in 2022 averaged 10.7 g/t. • FY 2022 cash cost of \$1,356 (US\$1,042) per ounce of gold sold¹ increased by 39% or \$378 from FY 2021 due to a 21% decrease in ounces sold and a 9% increase in overall aggregate site operating costs resulting from higher operating costs incurred due to more ore development metres, waste movement, improvements made to strengthen the technical and mine management team at site, general maintenance improvements and inflationary pressures, driven by higher labour costs and an increase in commodity inputs, including higher fuel and energy costs. • FY 2022 AISC of \$2,003 (US\$1,539) per ounce of gold sold¹ increased by 38% or \$547 from FY 2021 due to the higher cash costs, combined with the replacement of aging site infrastructure and raising of the tailings storage facility. • Generated \$79.1 million in cash margin in FY 2022 compared to \$127.7 million in FY 2021 due to the 21% decrease in ounces sold and the 9% increase in overall aggregate site operating costs. • The new 355 m level development is now complete along the western extent of the mine infrastructure. The development extends 400 m west of the mine into the volcanic rocks that host the Falcon 7 zone. This development provides drill platforms to test for gold mineralization near the Falcon 7 zone further along strike, and for parallel zones. In the future it will provide access for mining and will improve operational planning, as it is situated away from the main mining area at depth. • Most recently, surface, and underground drilling from the newly established 355 m level exploration drift, has defined the up-plunge extent of the Falcon 7 zone. Highlights of the recent drilling include 11.1 g/t Au over 3.0 m core length and 26.5 g/t Au over 2.0 m core length. • In addition, several drill holes have intersected mineralization in subparallel zones in the hanging wall of the Falcon 7 zone, including a recent hole that returned 40.3 g/t Au over 1.5 m. One hole, further to the west along strike from the Falcon 7 zone, near the historic 9 zone, returned 19.4 g/t Au over 0.7 m. • Additionally, initial surface drilling within the volcanic rocks, 150 metres east and down dip of the previously mined 2 zone intersected altered volcanic rocks with quartz veining and VG. One hole returned 233.0 g/t Au over 0.4 metres.
Kiena	• With the successful completion of a test pastefill pour on November 30, 2022, commercial production at the Kiena Mine was declared effective December 1, 2022. The pastefill plant has been performing well and according to expectations.

- FY 2022 Kiena ore production increased by 29% from FY 2021 to 28,848 ounces of gold, primarily due to higher throughput; partially offset by lower head grade as less ore was sourced from Kiena Deep. Head grade at Kiena in 2022 averaged 7.9 g/t.
- The 2022 cash cost of \$1,839 (US\$1,413) per ounce of gold sold increased by 75% or \$786 per ounce as compared to \$1,052 (US\$839) in 2021 and the AISC of \$2,059 (US\$1,582) per ounce of gold sold increased by 81% or \$922 per ounce as compared to \$1,138 (US\$908) in 2021 primarily due to ramping up operations in anticipation of declaring commercial production, which was delayed until December 1, 2022 due to supply chain challenges in sourcing vital equipment necessary to deal with challenging ground conditions within the Kiena Deep A zone. Once a sufficient level of developed reserves is achieved through the development of the ramp to the higher grade A zone, the cash cost and AISC are expected to align with the life of mine cash costs and AISC in the Preliminary Feasibility Study ("PFS"), excluding the industry-wide cost escalations that have occurred since the publishing of the study in 2021.
- Generated \$16.6 million in cash margin despite the low ounces produced and the high cash costs of \$1,839 per ounce of gold sold¹ as commercial production was delayed until December 1, 2022 due to supply chain challenges in sourcing vital equipment necessary to deal with challenging ground conditions within the Kiena Deep A zone.
- The recent discovery of the South Limb and Footwall zones show the underexplored exploration potential of the Kiena Deep zone.
- Most recently, drilling intersected two new zones in the hanging wall basalt. This zone consists of disseminated sulfides in basalt associated with a stockwork of veinlets composed of quartz ± gold. The second zone consists of a quartz-cabonate vein with visible gold that returned 2,850 g/t Au over 1.5 m. The discovery of these zones highlights the potential to add ounces within the basalt, where the rock quality is significantly better than in the footwall of the A zone allowing for increased development rates.
- From surface, drilling has focused on the Presqu'île zone located 2 kilometres west of the Kiena Mine. Highlights include 24.3 g/t over 3.3 m core length and 30.0 g/t Au over 9.4 m core length. Given the significant upside that the Presqu'île zone could represent for Kiena, the Company is currently evaluating options to fast-track an exploration ramp from surface. It could also easily be connected to Kiena's existing underground ramp network, providing access to surface for the existing operation and enhancements to the mine's ventilation network.

EXECUTIVE CHANGES

On January 24, 2023 Wesdome announced the retirement of Duncan Middlemiss as President and Chief Executive Officer of the Company and resignation from the board of directors of the Company (the "Board"). Warwick Morley-Jepson, the Chair of the Board, will act as Interim President and Chief Executive Officer to manage the Company as the Board works with an executive search firm to select a permanent successor. In order to ensure an orderly succession, Mr. Middlemiss has agreed to remain in an advisory role to assist Mr. Morley-Jepson and the rest of the executive team on a temporary basis.



COVID-19 IMPACT AND RESPONSES

To date, the Company has successfully maintained operations at the Eagle River Complex and the Kiena Site with measures in place to facilitate enhanced physical distancing to limit the potential spread of the COVID-19 virus. We are continuing to closely monitor the situation and will provide updates as they become available.

Wesdome has adopted measures since March 12, 2020, to reduce the spread of COVID to our workforce at both mine sites and our corporate office in Toronto. As the pandemic evolves, the measures are reviewed and adapted with an objective to align with ongoing protocols from the Ontario and Quebec provincial governments and the local health units, and to suit the specific reality of each of our sites. The health and safety of our employees, contractors, vendors, and consultants is the Company's top priority. To aid in the Company's actions, the COVID-19 Taskforce that was established in 2020 continues to monitor developments and set about action plans intended to reduce the risk to all people directly involved with Wesdome as the need arises.

Despite our best efforts, there can be no assurance that operations will continue with the emergence of new, highly contagious variants such as Omicron. To date, employees at both operations and the corporate office have been infected by the recent variant outbreaks, which may negatively impact our ability to maintain projected timelines and objectives. Consequently, the Company's actual future production and production guidance is subject to higher levels of risk than usual. We are continuing to closely monitor the situation and will provide updates as they become available. Production was negatively impacted by a resurgence of Covid at Eagle River in September, especially within the underground mine crews which on several occasions required withdrawal from underground operations.

Supply chain networks, which have been disrupted globally due to staffing shortages as people are either sick or under quarantine, may still cause delays to the delivery of goods and services as the global supply chain regains its previous strength. Global inflation, which has risen due to factors, such as rising demand for oil and gas, the shortage of goods and increasing labour costs, may impact the operating costs and capital spending going forward.

GOLD MARKET OVERVIEW AND FOREIGN CURRENCY EXCHANGE RATE OVERVIEW

The market price of gold is the primary driver of the Company's profitability. The market price of gold is affected by numerous industry and macroeconomic factors.

In 2022, Wesdome realized an average gold price of \$2,347 (US\$1,804) per ounce as compared to \$2,250 (US\$1,795) per ounce realized in 2021. The market price for gold in 2022 averaged US\$1,800 per ounce (Canadian dollar equivalent of \$2,341 per ounce (2021 - US\$1,799 or \$2,254 per ounce in Canadian dollars)).

The Company's reporting and functional currency is the Canadian dollar ("CAD") as all its assets and operations are based in Canada. However, the Company's revenues, profitability and cash flows are exposed to the changes in the United States dollar ("USD") to Canadian dollar exchange rates as the Company's primary product, gold, is predominately traded in the US dollar. Wesdome had no forward foreign exchange rate contracts in place during 2022 and as at December 31, 2022. This position will be reviewed from time to time as market conditions warrant. Please see note 33 of the Company's financial statements for an analysis of Wesdome's exposure to the Canadian and US dollar exchange rate.

OUTLOOK

In the beginning of 2022, the Company set its full year 2022 combined production guidance at 160,000 – 180,000 ounces. In Q2 2022, the Company revised the guidance to 120,000 – 140,000 ounces as a result of lower than anticipated grades at Eagle River and ongoing challenges at Kiena as a result of the shortage of vital underground mechanized mining equipment necessary to deal with challenging ground conditions within the Kiena Deep A zone. This combined with delays in the delivery of the pastefill plant components and critical bolting equipment that resulted in ramp development and mining rates being slower to ramp up than originally anticipated. For 2023, the Company's guidance is currently 110,000 – 130,000 ounces. Production ramp up activities at Kiena will continue during 2023 as the development deficit incurred to date is being addressed. At Eagle River, the information collected in 2022 in the Falcon zone and other areas of the mine have been included in projections. The following table shows the tracking of Wesdome's performances to 2022 revised guidance and the details of the subsequent 2023 guidance:



	2022 Revised Guidance	2022 Performance	2023 Guidance
Gold production			
Eagle River	86,000 – 97,000 ounces	79,997 ounces	80,000 – 90,000 ounces
Mishi	1,000 – 2,000 ounces	2,005 ounces	-
Kiena	34,000 – 43,000 ounces	28,848 ounces	30,000 – 40,000 ounces
	120,000 – 140,000 ounces	110,850 ounces	110,000 – 130,000 ounces
Head grade (g/t Au)			
Eagle River	10.5 – 11.7	11.5	11.5 – 12.5
Mishi	2.9 – 3.3	3.2	-
Kiena	8.6 – 9.5	7.9	3.7 – 4.7
Cash cost per ounce ¹	\$1,260 - \$1,390 (US\$980 – US\$1,085)	\$1,500 (US\$1,153)	\$1,500 - \$1,670 (US\$1,150 – US\$1,290)
AISC per ounce ¹	\$1,765 - \$1,950 (US\$1,370 – US\$1,520)	\$2,020 (US\$1,552)	\$2,100 - \$2,340 (US\$1,620 – US\$1,800)

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

In 2023, the grades at Kiena are expected to range from 3.7 g/t to 4.7 g/t as ore will be sourced from the lower grade Martin, S50 and VC zones to supplement the Kiena Deep material that will be available, which is mostly lower grade fringe material and diluted ore from previously mined areas.

QUARTERLY FINANCIAL AND OPERATIONAL RESULTS

In 000s, except per units and per share amounts	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021 ¹	Q2 2021 ¹	Q1 2021
Financial results								
Revenue ⁶	75,035	61,823	61,931	66,694	85,505	67,548	63,881	45,973
Cash margin ^{2,4}	26,466	16,993	21,873	30,342	47,681	35,307	40,590	21,776
Net income ⁴	(3,527)	(3,899)	(14,331)	7,051	24,762	14,486	84,937	7,103
Net income adjusted ^{2,4}	(3,527)	(3,899)	(5,481)	7,051	24,762	17,408	20,630	7,103
Earnings before interest, taxes, depreciation and amortization ^{2,4}	21,309	4,814	8,844	20,650	44,235	31,848	37,454	18,662
Operating cash flow ⁴	10,267	12,945	12,101	29,893	48,160	33,890	26,875	22,033
Free cash flow ^{2,4}	(31,609)	(23,193)	(28,576)	(6,796)	(3,172)	(9,087)	(9,131)	99
Per share information:								
Net income ⁴	(0.02)	(0.03)	(0.10)	0.05	0.18	0.10	0.61	0.05
Adjusted net income ^{2,4}	(0.02)	(0.03)	(0.04)	0.05	0.18	0.12	0.15	0.05
Operating cash flow ^{2,4}	0.07	0.09	0.08	0.21	0.34	0.24	0.19	0.16
Free cash flow ^{2,4}	(0.22)	(0.16)	(0.20)	(0.05)	(0.02)	(0.06)	(0.07)	0.00
Selected Financial Statement data:								
Cash and cash equivalents	33,185	24,741	23,516	52,472	56,764	69,473	67,799	63,884
Working capital	(38,044)	(35,457)	(4,535)	26,855	39,663	51,358	63,856	60,850
Total assets	619,127	578,762	553,621	574,471	553,719	517,746	481,671	365,046
Total non-current liabilities	105,017	96,809	101,269	104,588	105,172	100,486	97,221	65,205
Operational results								
Milling (tonnes)								
Eagle River	58,306	52,247	59,964	53,217	56,159	56,003	63,057	53,540
Mishi	-	3,595	7,685	11,873	6,215	3,727	9,347	17,219
Kiena	51,419	16,112	26,478	21,162	38,000	30,470	-	-
Throughput	109,725	71,954	94,127	86,252	100,374	90,200	72,404	70,759
Head grades (g/t Au)								
Eagle River	14.0	10.7	9.6	11.6	13.7	13.4	15.1	12.8
Mishi	-	2.8	2.8	3.6	2.1	2.3	2.4	2.5
Kiena	5.9	10.2	10.6	7.7	14.1	5.8	-	-
Recovery (%)								
Eagle River	97.4	96.6	95.6	97.4	97.8	97.9	97.4	97.1
Mishi	-	83.0	81.2	84.8	88.1	78.0	76.1	84.8
Kiena	98.1	98.5	98.5	98.0	98.1	97.9	-	-
Production (ounces)								
Eagle River	25,502	17,405	17,756	19,334	24,267	23,621	29,836	21,396
Mishi	-	270	570	1,165	363	212	539	1,169
Kiena	9,614	5,208	8,914	5,112	16,929	5,511	-	-
Total gold produced	35,116	22,883	27,240	25,611	41,559	29,344	30,375	22,565
Gold sales (ounces)								
Eagle River	21,609	18,484	19,321	17,815	23,976	26,632	27,894	19,714
Mishi	41	316	679	985	361	368	606	950
Kiena ⁷	9,850	8,700	6,000	9,200	13,207	3,000	-	1,793
Total gold sales	31,500	27,500	26,000	28,000	37,544	30,000	28,500	22,457

In 000s, except per units and per share amounts	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021 ¹	Q2 2021 ¹	Q1 2021
Per ounce of gold sold ²								
Average realized price ²	2,380	2,246	2,380	2,379	2,275	2,249	2,239	2,223
Cash costs ^{2,4,5}	1,540	1,628	1,538	1,295	1,005	1,072	814	1,076
Cash margin ^{2,4}	840	618	842	1,084	1,270	1,177	1,425	1,147
AISC ^{2,4,5}	2,136	2,217	2,020	1,695	1,412	1,495	1,240	1,497
Production costs/tonne milled ^{2,4,7}	444	563	435	433	370	370	324	335
Average 1 USD → CAD exchange rates	1.3578	1.3056	1.2768	1.2662	1.2603	1.2600	1.2282	1.2660
Cost Metrics (in USD)								
Cash costs ^{2,4,5}	1,134	1,247	1,205	1,023	797	851	663	850
AISC ^{2,4,5}	1,573	1,698	1,582	1,339	1,121	1,186	1,009	1,182

¹ Q2 2021 and Q3 2021 have been restated to correct an error in the valuation of the share consideration receivable related to the sale of the Moss Lake Project which closed on May 31, 2021. The proceeds have been restated to \$44.7 million from \$49.5 million, which has decreased the gain on sale of the Moss Lake properties to \$30.2 (net of tax of \$4.1 million) from \$34.4 million (net of tax of \$4.7 million). The Q2 2021 net income has decreased by \$2.9 million, which includes a \$1.5 million gain resulting from the mark-to-market of the share consideration receivable. Earnings per share for Q2 2021 changed from \$0.63 to \$0.61 per share. The Q3 net income has decreased by \$0.9 million resulting from the mark-to-market of the share consideration receivable. Earnings per share for Q3 2021 changed from \$0.11 to \$0.10 per share.

² Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.

³ Totals for tonnage and gold ounces information may not add due to rounding.

⁴ Q1 2021 includes a \$0.4 million charge for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The \$3.9 million of revenue from the Kiena bulk sample was excluded from revenue and credited against the cost of the Kiena exploration asset.

⁵ In determining the Cash cost per ounce and AISC per ounce for Q1 2021, the total ounces sold includes 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.

⁶ Revenues include insignificant amounts from the sale of by-product silver.

⁷ Q1 2021 includes 1,793 ounces sold from the Kiena bulk sample, which was processed in Q4 2020.

ANNUAL FINANCIAL AND OPERATIONAL RESULTS

In thousands of Canadian dollars, except per share amounts and otherwise indicated

	FY 2022	FY 2021	FY 2020
Financial Results			
Revenues ³	265,483	262,907	215,466
Cash margin ^{1,2,3,4}	95,674	145,354	119,250
Net (loss) income ^{3,4}	(14,706)	131,288	50,715
Net (loss) income adjusted ^{1,3,4}	(5,856)	69,903	50,715
Operating cash flow ^{3,4}	65,206	130,958	102,292
Free cash flow ^{1,4}	(90,174)	(21,291)	29,009
Per share information:			
Net (loss) income ^{3,4}	(0.10)	0.94	0.36
Adjusted net (loss) income ^{1,3,4}	(0.04)	0.50	0.36
Operating cash flow ^{3,4}	0.46	0.93	0.74
Free cash flow ^{1,4}	(0.63)	(0.15)	0.21
Selected Financial Statement data:			
Cash and cash equivalents	33,185	56,764	63,480
Working capital (deficiency)	(38,044)	39,663	54,400
Total assets	619,127	553,719	348,280
Total non-current liabilities	105,017	105,172	61,406
Operating Results and Cost Metrics			
Gold produced (ounces)	110,850	123,843	90,278
Gold sold (ounces)	113,000	118,501	91,229
Cash cost per ounce of gold sold ^{1,2,4}			
Canadian dollar	1,500	990	1,053
US dollar	1,153	789	785
All-in sustaining cost per ounce of gold sold ^{1,2,4}			
Canadian dollar	2,020	1,408	1,396
US dollar	1,552	1,123	1,040

1. Refer to the section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.
2. Cash cost and AISC per ounce of gold sold for FY 2020 exclude \$2.8 million of incremental Covid-19 costs incurred for workplace modifications to accommodate social distancing, education of new protocols, the acquisition of additional personal protective equipment, and higher transportation costs. The additional costs due to inefficiencies in operations from revised protocols during the pandemic have not been quantified.
3. FY 2021 excludes \$3.9 million of revenue from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The incidental revenue was credited against the cost of the Kiena exploration asset.
4. FY 2021 includes a charge of \$0.4 million for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.



ANNUAL OPERATIONAL RESULTS

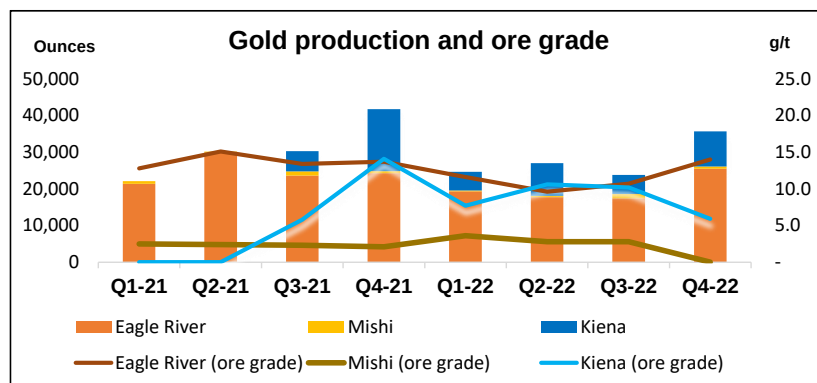
	FY 2022	FY 2021	Change	
Ore milled (tonnes)				
Eagle River	223,734	228,759	(5,025)	(2)%
Mishi	23,153	36,508	(13,355)	(37)%
Kiena	115,171	68,470	46,701	68%
Throughput	362,058	333,737	28,321	8%
Head Grade (g/t Au)				
Eagle River	11.5	13.8	(2.3)	(17)%
Mishi	3.2	2.4	0.8	33%
Kiena	7.9	10.4	(2.5)	(24)%
Recoveries (percent)				
Eagle River	96.9	97.5	(0.6)	(1)%
Mishi	83.5	82.4	1.1	1%
Kiena	98.3	98.0	0.3	0%
Gold production (ounces)				
Eagle River	79,997	99,120	(19,123)	(19)%
Mishi	2,005	2,283	(278)	(12)%
Kiena	28,848	22,440	6,408	29%
	110,850	123,843	(12,993)	(10)%
Gold Sold (ounces)				
Eagle River	77,229	98,216	(20,987)	(21)%
Mishi	2,021	2,285	(264)	(12)%
Kiena ²	33,750	18,000	15,750	88%
	113,000	118,501	(5,501)	(5)%

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

² FY 2021 includes 1,793 ounces from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.

Production at Eagle River decreased by 19% from 2021 to 79,997 ounces of gold, due to a 17% decrease in head grade as the high grade 303 zone was depleted and the newly developed Falcon zone actual grade was not as high as expected; combined with a 2% decrease in mill throughput compared to 2021. Head grade at Eagle River in 2022 averaged 11.5 g/t.

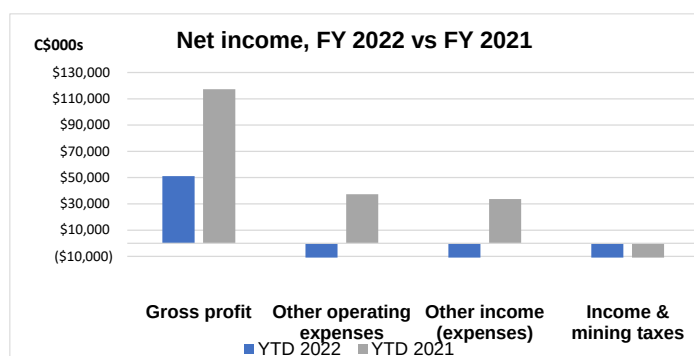
Kiena produced 28,848 ounces in 2022 by processing 115,171 tonnes of ore at a head grade of 7.9 g/t.



The contribution of ore feed from Mishi in 2022 decreased by 37% to 23,153 t when compared to 36,508 t processed in 2021. In 2022, the Mishi pit achieved a head grade of 3.2 g/t producing 2,005 ounces of gold as compared to a grade of 2.4 g/t achieved in 2021, producing 2,283 ounces of gold. Mishi pit was mined out as per plan in 2020 and only stockpiled ore will be processed in 2023.



Annual 2022 Financial Review



Net loss attributable to shareholders for 2022 was \$14.7 million or (\$0.10) per share as compared to net income of \$131.3 million or \$0.94 per share for 2021. After giving effect to the non-recurring recognition in income of the impairment of the investment in associate of \$8.9 million (net of deferred taxes - \$3.0 million) adjusted net loss¹ for 2022 was \$5.9 million or (\$0.04) per share, compared to an adjusted net income¹ of \$69.9 million or \$0.50 per share for 2021, which included one-time net gains totaling \$61.4 million.

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

In \$000s				
	FY 2022	FY 2021	Change	
Revenues ²	265,483	262,907	2,576	1%
Costs and expenses				
Cost of sales ³	214,371	145,619	68,752	47%
Corporate and general	11,823	10,614	1,209	11%
Stock-based compensation	3,311	2,604	707	27%
Exploration	14,369	471	13,898	
Impairment reversal of Kiena	-	(58,563)	58,563	
Impairment charge on exploration properties	-	7,507	(7,507)	
Loss (gain) on disposal of mining assets	303	(3)	306	
	<u>244,177</u>	<u>108,249</u>	<u>135,928</u>	
Operating income	21,306	154,658	(133,352)	(86)%
Gain on disposal of Moss Lake mineral properties	-	34,330	(34,330)	
Fair value adjustment on share consideration receivable	(6,386)	1,947	(8,333)	
Share of earnings (loss) of associate	(1,652)	(497)	(1,155)	
Loss on dilution of ownership	(481)	-	(481)	
Impairment of investment in associate	(11,800)	-	(11,800)	
Interest and other income (expenses)	(4,178)	(2,113)	(2,065)	
Income before taxes	<u>(3,191)</u>	<u>188,325</u>	<u>(191,516)</u>	
Mining and income tax expense	11,515	57,037	(45,522)	
Net income (loss)	<u>(14,706)</u>	<u>131,288</u>	<u>(145,994)</u>	(111)%
Change in fair value of marketable securities	900	240	-	
Total comprehensive income (loss)	<u>(15,606)</u>	<u>131,048</u>	<u>(146,654)</u>	
Operating cash flows ^{2,3}	65,206	130,958	(65,752)	(50)%
Free cash flows ¹	<u>(90,174)</u>	<u>(21,291)</u>	<u>(68,883)</u>	

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

- ² FY 2021 excludes \$3.9 million of revenue from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The incidental revenue was credited against the cost of the Kiena exploration asset.
- ³ FY 2021 includes a charge of \$0.4 million for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.

Revenues

In \$000s	Q4 2022	Q4 2021	Change		FY 2022	FY 2021	Change	
Revenues from operations								
Gold ¹	74,975	85,410	(10,435)	(12)%	265,220	262,625	2,595	1%
Silver	60	95	(35)		263	282	(19)	
	75,035	85,505	(10,470)	(12)%	265,483	262,907	2,576	1%

¹ FY 2021 excludes \$3.9 million of revenue from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The incidental revenue was credited against the cost of the Kiena exploration asset.

Wesdome generated \$265.2 million in gold sales revenue from the sale of 113,000 ounces of gold at an average realized price of \$2,347 (US\$1,804) per ounce; as compared to the sale of 116,708 ounces of gold at \$2,250 (US\$1,795) per ounce for revenue of \$262.6 million in 2021. The 1% increase in sales revenues is primarily due to the higher realized gold price; partially offset by fewer ounces being sold.

Cost of Sales

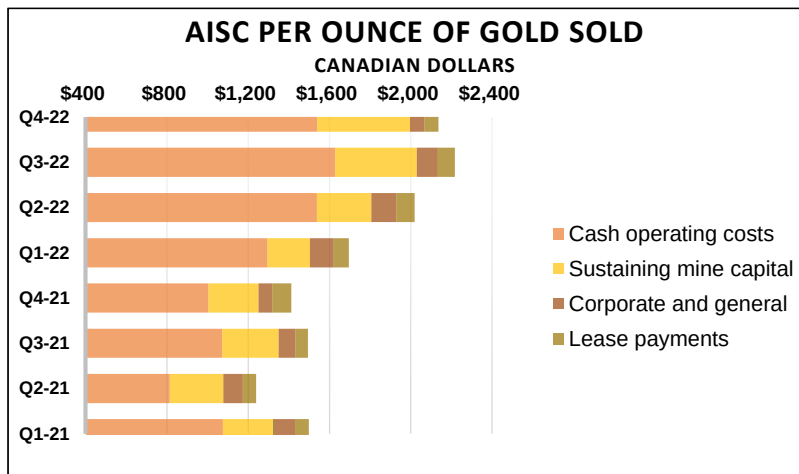
In \$000s	Q4 2022	Q4 2021	Change		FY 2022	FY 2021	Change	
Cost of Sales								
Mining and processing costs								
Mining	27,148	20,037	7,111		93,126	61,636	31,490	
Processing	6,643	6,330	313		24,497	20,291	4,206	
Site administration and camp costs	14,734	10,425	4,309		49,429	34,151	15,278	
Change in inventories ¹	(1,128)	(46)	(1,082)		(906)	(2,921)	2,015	
	47,397	36,746	10,651		166,146	113,157	52,989	
Royalties	1,172	1,078	94		3,663	4,396	(733)	
Depletion and depreciation	13,428	8,121	5,307		44,562	28,066	16,496	
	61,997	45,945	16,052	35%	214,371	145,619	68,752	47%

¹ See Note 28 of the Company's financial statements for a breakdown of stockpile and in-circuit inventory adjustments for the years ended December 31, 2021 and 2022.

Cost of sales of \$214.4 million in 2022 increased by 47% or \$68.8 million due to: (i) the inclusion of \$50.1 million of costs from Kiena associated with selling an additional 15,750 ounces and ramping up Kiena in anticipation of declaration of commercial production, which was delayed until December 1, 2022 due to supply chain challenges in sourcing vital equipment necessary to deal with challenging ground conditions within the Kiena Deep A zone; (ii) an increase of \$13.2 million in Eagle River operating costs resulting from more ore development metres, waste movement, improvements made to strengthen the technical and mine management team at site, general maintenance improvements and inflationary pressures driven by higher labour costs and an increase in commodity inputs, including higher fuel and energy costs; (iii) an increase of \$9.5 million in non-cash depletion and depreciation resulting from a larger depreciable asset base; offset partially by a \$3.4 million decrease in ore stockpile and bullion inventory adjustment resulting from inventory level changes.

Cash cost and AISC per ounce of gold sold in 2022 were \$1,500 (US\$1,153) and \$2,020 (US\$1,552) per ounce; as compared to cash cost and AISC per ounce of gold sold in 2021 of \$990 (US\$789) and \$1,408 (US\$1,123), respectively.

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



Corporate and General

Corporate and general expenditures in 2022 increased by 11% primarily due to increased corporate activities and the increase in technical staff at the corporate level. The corporate and general expenditure level is expected to be between \$3.5 and \$3.7 million on a quarterly basis in 2023.

Stock-based payments

During 2022, the Company granted 396,640 stock options, 46,363 Restricted Share Units (“**RSUs**”) and 92,725 Performance Share Units (“**PSUs**”) to its employees and officers under its 2020 Omnibus Equity Plan. All of the stock options and RSUs have a three-year vesting term, with the first tranche vesting on the first anniversary date of the issue. The PSUs have cliff vesting terms contingent on continued employment at the end of the three-year performance period.

On June 23, 2022, the Company granted 58,645 Deferred Share Units (“**DSUs**”) to its non-executive directors (“**Participants**”) under the Plan valued at approximately \$0.8 million. Under the Plan, as approved by the Company’s shareholders on June 2, 2020, 75% of the directors’ annual retainers are to be paid in share-based awards. Each DSU has the same value as one Wesdome common share. The DSUs may not be redeemed until the Participant has ceased to hold all offices, employment and directorships with Wesdome and all its affiliates.

For the year ended December 31, 2022, the compensation expense recognized under the plans was \$3.3 million, respectively.

Exploration

All expenditures relating to exploration and evaluation activities are expensed until technical feasibility and commercial viability have been determined by the Company. In 2022, Wesdome spent \$14.4 million on its exploration program, which includes \$8.4 million at Eagle River and \$6.0 million at Kiena.

Tax Expense

In \$000s							
	Q4 2022	Q4 2021	Change		FY 2022	FY 2021	Change
Mining and income tax expense							
Current	999	4,720	(3,721)		5,600	13,375	(7,775)
Deferred	9,130	6,293	2,837		5,915	43,662	(37,747)
	10,129	11,013	(884)	(8)%	11,515	57,037	(45,522) (80)%

Wesdome is currently exposed to federal income tax, and mining tax for any resource profits earned in Ontario. As at December 31, 2022, the Company recorded a current mining and income tax receivable of \$7.4 million.



Q4 2022 FINANCIAL AND OPERATIONAL RESULTS

Operational Results

	Q4 2022	Q4 2021	Change	
Ore milled (tonnes)				
Eagle River	58,306	56,159	2,147	4%
Mishi	0	6,215	(6,215)	(100)%
Kiena	51,419	38,000	13,419	35%
Throughput	109,725	100,374	9,351	9%
Head Grade (g/t Au)				
Eagle River	14.0	13.7	0.3	2%
Mishi	0.0	2.1	(2.1)	(100)%
Kiena	5.9	14.1	(8.2)	(58)%
Recoveries (percent)				
Eagle River	97.4	97.8	(0.4)	(0)%
Mishi	0.0	88.1	(88.1)	(100)%
Kiena	98.1	98.1	0.0	0%
Gold production (ounces)				
Eagle River	25,502	24,267	1,235	5%
Mishi	0	363	(363)	(100)%
Kiena	9,614	16,929	(7,315)	(43)%
	35,116	41,559	(6,443)	(16)%
Gold Sold (ounces)				
Eagle River	21,609	23,976	(2,367)	(10)%
Mishi	41	361	(320)	(89)%
Kiena	9,850	13,207	(3,357)	(25)%
	31,500	37,544	(6,044)	(16)%

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

Production Review

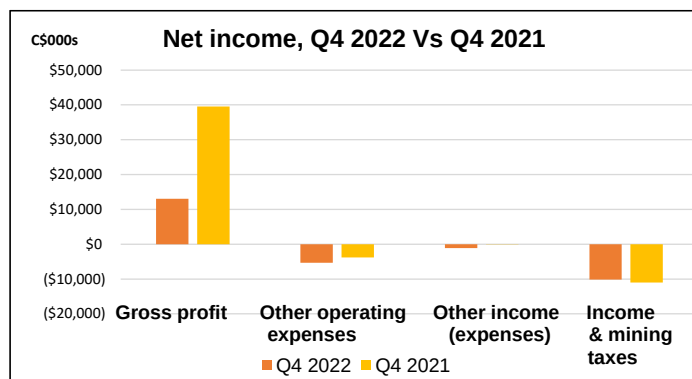
Q4 2022 as compared to Q4 2021

Q4 2022 production at the Eagle River Complex increased by 4% from Q4 2021 to 25,502 ounces of gold, primarily due to a 10% increase in head grade as more tonnes were sourced from the higher-grade Eagle River underground mine and less tonnes were sourced from the lower grade Mishi stockpiled ore; partially offset by a 7% decrease in total throughput. Head grade at the Eagle River Complex in Q4 2022 averaged 14.0 g/t. Ore stockpiled at the mill was 1,563 tonnes from underground Eagle River ore and 6,524 tonnes from Mishi at the end of Q4 2022.

Kiena produced 9,614 ounces in Q4, 2022, which is 7,315 fewer ounces than the same period in 2021, primarily due to a 58% decrease in head grade; partially offset by a 35% increase in total throughput. The head grade in Q4 2022 averaged 5.9 g/t due to sourcing ore from the lower grade S50, VC and Martin zones to mitigate lower production from the higher grade Kiena Deep zones because of the delayed ramp development resulting from the supply chain challenges, which delayed the delivery of vital equipment necessary to deal with challenging ground conditions within the Kiena Deep A Zone.



Financial Review, Q4 2022 as compared to Q4 2021



Net loss and adjusted net loss¹ attributable to shareholders for the three months ended December 31, 2022 was \$3.5 million or (\$0.02) per share as compared to net income and adjusted net income¹ attributable to shareholders of \$24.8 million or \$0.18 per share for Q4 2021.

For a reconciliation of adjusted net income (loss)¹ to net income (loss) as presented in the financial statements in accordance with IFRS, see *Non-IFRS Financial Performance Measures* in this MD&A.

In \$000s	Q4 2022	Q4 2021	Change		FY 2022	FY 2021	Change	
Revenues ²	75,035	85,505	(10,470)	(12)%	265,483	262,907	2,576	1%
Costs and expenses								
Cost of sales ³	61,997	45,945	16,052	35%	214,371	145,619	68,752	47%
Corporate and general	2,309	2,817	(508)	(18)%	11,823	10,614	1,209	11%
Stock-based compensation	857	533	324	61%	3,311	2,604	707	27%
Exploration	1,926	471	1,455		14,369	471	13,898	
Impairment reversal of Kiena	-	-	-		-	(58,563)	58,563	
Impairment charge on exploration properties	-	-	-		-	7,507	(7,507)	
Loss (gain) on disposal of mining assets	242	-	242		303	(3)	306	
	67,331	49,766	17,565		244,177	108,249	135,928	
Operating income	7,704	35,739	(28,035)	(78)%	21,306	154,658	(133,352)	(86)%
Gain on disposal of Moss Lake mineral properties	-	-	-		-	34,330	(34,330)	
Fair value adjustment on share consideration receivable	1,005	1,038	(33)		(6,386)	1,947	(8,333)	
Share of earnings (loss) of associate	(1,264)	(393)	(871)		(1,652)	(497)	(1,155)	
Loss on dilution of ownership	188	-	188		(481)	-	(481)	
Impairment of investment in associate	-	-	-		(11,800)	-	(11,800)	
Interest and other income (expenses)	(1,031)	(609)	(422)		(4,178)	(2,113)	(2,065)	
Income before taxes	6,602	35,775	(29,173)		(3,191)	188,325	(191,516)	
Mining and income tax expense	10,129	11,013	(884)		11,515	57,037	(45,522)	
Net income (loss)	(3,527)	24,762	(28,289)	(114)%	(14,706)	131,288	(145,994)	(111)%
Change in fair value of marketable securities	(360)	240	(600)		900	240	-	
Total comprehensive income (loss)	(3,167)	24,522	600		(15,606)	131,048	(146,654)	
Operating cash flows ^{2,3}	10,267	48,160	(37,893)	(79)%	65,206	130,958	(65,752)	(50)%
Free cash flows ¹	(31,609)	(3,172)	(28,437)		(90,174)	(21,291)	(68,883)	

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

² FY 2021 excludes \$3.9 million of revenue from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The incidental revenue was credited against the cost of the Kiena exploration asset.

³ FY 2021 includes a \$0.4 million charge for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.

Revenues

In Q4 2022, Wesdome generated \$75.0 million in gold sales revenue from the sale of 31,500 ounces of gold at an average realized price of \$2,380 (US\$1,753) per ounce; as compared to the sale of 37,544 ounces of gold at \$2,275 (US\$1,805) per ounce for revenue of \$85.4 million in Q4 2021. The 12% decrease in sales revenues is due to lower ounces sold; partially offset by a higher Canadian dollar realized price.

Cost of Sales

Cost of sales of \$62.0 million in Q4 2022 increased by 35% or \$16.1 million mainly due to: (i) the additional \$11.0 million of Kiena production costs resulting from ramping up operations to commercial production; (ii) an increase of \$5.7 million in the Eagle River operating costs due to more ore development metres, waste movement, improvements made to strengthen the technical and mine management team at site, general maintenance improvements and inflationary pressures driven by higher labour costs and an increase in commodity inputs, including higher fuel and energy costs; and (iii) an increase of \$1.6 million in non-cash depletion and depreciation at Eagle River resulting from a larger depreciable asset base; partially offset by a decrease of \$2.3 million in the Eagle River ore stockpile and bullion inventory adjustment resulting from inventory level changes;

Corporate and General

Corporate and general expenditures in Q4 2022 decreased by \$0.5 million or 18% to \$2.3 million due to an estimated reduction in the payout of the 2022 annual incentive performance program.

OPERATING SEGMENTS PERFORMANCE

EAGLE RIVER COMPLEX

The Eagle River Complex, located 50 kilometres due west of Wawa, Ontario, consists of the Eagle River Underground Mine (producing since 1995) and a mineral processing facility, located adjacent to the former Mishi Open Pit, permitted at 1,200 tonnes per day. The Mishi Open Pit Mine, which began operations in 2002 was mined out in Q4 2020 and only stockpiled ore will be processed in 2023.

Annual Operational Results

	Q4 2022	Q4 2021	Change		FY 2022	FY 2021	Change	
Operating Results								
Eagle River								
Tonnes milled	58,306	56,159	2,147	4%	223,734	228,759	(5,025)	(2)%
Head grade (g/t Au)	14.0	13.7	0.3	2%	11.5	13.8	(2.3)	(17)%
Average mill recovery (%)	97.4	97.8	(0.4)	(0)%	96.9	97.5	(0.6)	(1)%
Gold produced (ounces)	25,502	24,267	1,235	5%	79,997	99,120	(19,123)	(19)%
Gold sold (ounces)	21,609	23,976	(2,367)	(10)%	77,229	98,216	(20,987)	(21)%
Mishi								
Tonnes milled	0	6,215	(6,215)	(100)%	23,153	36,508	(13,355)	(37)%
Head grade (g/t Au)	0.0	2.1	(2.1)	(100)%	3.2	2.4	0.8	33%
Average mill recovery (%)	0.0	88.1	(88.1)	(100)%	83.5	82.4	1.1	1%
Gold produced (ounces)	0	363	(363)	(100)%	2,005	2,283	(278)	(12)%
Gold sold (ounces)	41	361	(320)	(89)%	2,021	2,285	(264)	(12)%
Eagle River Complex								
Tonnes milled	58,306	62,374	(4,068)	(7)%	246,887	265,267	(18,380)	(7)%
Head grade (g/t Au)	14.0	12.7	1.3	10%	10.7	12.1	(1.4)	(12)%
Average mill recovery (%)	97.4	97.7	(0.3)	(0)%	96.5	97.0	(0.5)	(1)%
Mill availability (%)	93.2	86.7	6.5	7%	87.7	87.3	0.4	0%
Gold produced (ounces)	25,502	24,630	872	4%	82,002	101,403	(19,401)	(19)%
Gold sold (ounces)	21,650	24,337	(2,687)	(11)%	79,250	100,501	(21,251)	(21)%

During 2022, the Eagle River Complex produced 82,002 ounces of gold as compared to 101,403 ounces in 2021



due to lower head grade and throughput. In 2022, the mill processed 246,887 tonnes, or 676 tpd as compared to 265,267 t, or 727 tpd in 2021 due to less tonnes from Mishi. The Eagle River Complex grade decreased to 10.7 g/t in 2022 from 12.1 g/t in 2021 primarily due to lower realized head grade, as the high grade 303 zone was depleted and the newly developed Falcon zone actual grade was not as high as expected. Gold recovery decreased to 96.5% from 97.0% as a result of the lower head grade.

Annual Financial Results

In 000s, except per units and per share amounts	Q4 2022	Q4 2021	Change		FY 2022	FY 2021	Change	
Financial Results								
Gold revenue from mining operation	51,623	55,466	(3,843)	(7)%	186,553	226,052	(39,499)	(17)%
Cost of Sales								
Mining	14,325	10,970	3,355	31%	53,297	44,487	8,810	20%
Processing	4,456	5,121	(665)	(13)%	16,975	17,970	(995)	(6)%
Site administration and camp costs	11,153	8,190	2,963	36%	36,742	31,355	5,387	17%
Change in inventories	(2,882)	(550)	(2,332)	424%	(3,009)	357	(3,366)	(943)%
Royalties	1,172	1,077	95	9%	3,663	4,396	(733)	(17)%
Depreciation and depletion expense	9,347	7,708	1,639	21%	36,659	27,193	9,466	35%
	37,571	32,516	5,055	16%	144,327	125,758	18,569	15%
Cash cost per ounce of gold sold (CDN dollars) ¹	1,302	1,017	285	28%	1,356	978	378	39%
Cash margin ¹	23,437	30,718	(7,281)	(24)%	79,062	127,721	(48,659)	(38)%
All-in sustaining costs per ounce of gold (CDN dollars) ¹	2,039	1,608	431	27%	2,003	1,456	547	38%
Production costs per tonne milled ¹	515	391	124	32%	436	357	79	22%
Capital expenditures	12,680	12,374	306	2%	37,059	42,867	(5,808)	(14)%

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

Revenue

In 2022, the Eagle River Complex generated \$186.6 million in gold sales revenue from the sale of 79,250 ounces as compared to \$226.1 million from the sale of 100,501 ounces in 2021. Sales revenue decreased by 17% compared to 2021 due to the lower ounces sold; partially offset by a higher Canadian dollar realized price.

Cost of sales

Cost of sales of \$144.3 million in 2022 increased by \$18.6 million compared to 2021 mainly due to: (i) an increase of \$13.2 million in operating costs resulting from increased ore development metres, waste movement, improvements made to strengthen the technical and mine management team at site, general maintenance improvements and inflationary pressures driven by higher labour costs and an increase in commodity inputs, including higher fuel and energy costs; (ii) an increase of \$9.5 million in non-cash depletion and depreciation resulting from a larger depreciable asset base; offset by a \$3.4 million decrease in ore stockpile and bullion inventory adjustment resulting from inventory level changes.

The 2022 cash cost of \$1,356 ([US\\$1,042](#)) per ounce of gold sold increased by 39% or \$378 per ounce as compared to \$978 ([US\\$780](#)) in 2021 due to lower ounces sold and higher operating costs. The 2021 AISC of \$2,003 ([US\\$1,539](#)) per ounce of gold sold increased by 38% or \$547 per ounce as compared to \$1,456 ([US\\$1,162](#)) due to lower ounces sold, higher operating costs, and increased mine development and site infrastructure spending.

Production Review, Q4 2022 as compared to Q4 2021

During Q4 2022, the Eagle River Complex produced 25,502 ounces of gold as compared to 24,630 ounces in Q4 2021 primarily due to higher head grade; partially offset by lower throughput. In Q4 2022, the mill processed 58,306 t, or 634 tpd as compared to 62,374 t, or 678 tpd in Q4 2021 due to only processing underground ore



from Eagle River. The Eagle River grade increased to 14.0 g/t in Q4 2022 from 13.7 g/t in Q4 2021, but the overall recovery decreased slightly to 97.4% from 97.7%.

Financial Review, Q4 2022 as compared to Q4 2021

Revenue

In Q4 2022, the Eagle River Complex generated \$51.6 million in gold sales revenue from the sale of 21,650 ounces as compared to \$55.5 million from the sale of 24,337 ounces in Q4 2021. Sales revenue decreased by 7% compared to Q4 2021 due to fewer ounces sold; partially offset by a higher Canadian dollar realized price.

Cost of sales

Cost of sales increased by \$5.1 million from \$32.5 million in Q4 2021 mainly due to: (i)) an increase of \$5.7 million in the aggregate operating costs due to increased ore development metres, waste movement, improvements made to strengthen the technical and mine management team at site, general maintenance improvements and inflationary pressures driven by higher labour costs and an increase in commodity inputs, including higher fuel and energy costs; and (ii) an increase of \$1.6 million in non-cash depletion and depreciation resulting from a larger depreciable asset base; partially offset by a \$2.3 million decrease in ore stockpile and bullion inventory adjustment resulting from inventory level changes.

The Q4 2022 cash cost of \$1,302 (US\$959) per ounce of gold sold increased by 28% or \$285 per ounce as compared to \$1,017 (US\$807) in Q4 2021 due to lower ounces sold and high operating costs. The Q4 2022 AISC of \$2,039 (US\$1,502) per ounce of gold sold increased by 27% or \$431 per ounce as compared to \$1,608 (US\$1,276) due to lower ounces sold, and higher operating costs and site infrastructure spending.

Eagle River Underground Mine

Development and Drilling

The past discovery of at least two new significant parallel zones in the west portion of the mine (ie. the 300 and 7 zones) and more recently the Falcon zone located in volcanic rocks outside of the historically mined diorite host rock, have stimulated an increased pace of exploration drilling over the past several years.

The discovery and initial production from the Falcon 7 zone reaffirms the potential of the surrounding volcanic rocks to host sizeable deposits of gold mineralization and remains a focus for drilling. Most recently, surface and underground drilling, from the 355 m-level exploration drift, has defined the up-plunge extent of the Falcon 7 zone and has now extended the mineralization to surface with the recent drilling within 50 m from surface. The Falcon 7 zone drilling is located 150 m west of the mine diorite and intersected well altered and mineralized quartz veins with visible gold ("VG"). The gold mineralization occurs within an intermediate volcanoclastic, interpreted to be more brittle and a better host for the gold mineralization than the relatively ductile encompassing mafic volcanic flow units. Highlights of the recent drilling include 11.1 g/t Au over 3.0 m core length and 26.5 g/t Au over 2.0 m core length (see press release dated October 5, 2022).

In addition, a large number of drill holes have intersected mineralization in the hanging wall of the Falcon 7 zone, including a recent hole that returned 40.3 g/t Au over 1.5 m, thus indicating the potential for parallel or folded limbs of the Falcon 7 zone. This will remain a priority for the surface and underground drilling to delineate parallel structures along the Mine 5 and 300 zones extensions. Limited drilling has also intersected what is interpreted as a plunging shoot further to the west near the historic 9 zone, with one hole returning 19.4 g/t Au over 0.7 m. This remains a prospective area and a focus for future drilling.

The new 355 m Level development, which is complete and extends 400 m west of the mine diorite, is an important aspect of the operational planning, as it is situated away from the main mining area at depth, thereby providing a separate work area away from heavier mine traffic. It will also provide platforms to test for gold mineralization further along strike, and for parallel zones.



Meanwhile, underground exploration drilling is being completed down plunge at the 300E, 711 and 811 zones that remain open down plunge. Additional underground exploration is ongoing further to the east of the current mining areas, in the east-central area of the mine, to test for parallel zones north of the historic 8 and 6 zones.

Surface Exploration

Surface drilling is ongoing with one drill to test the up plunge extension of the Falcon 7 zone near surface and other zones along this trend further to the west.

Additionally, initial surface drilling within the volcanic rocks 150 metres east and down dip of the previously mined 2 zone intersected altered volcanic rocks with quartz veining and VG. One hole returned 233.0 g/t Au over 0.4 metres.

Mineral Reserve and Resource Estimates at Eagle River and Mishi

The December 31, 2022 mineral resource and mineral reserves for Eagle River and Mishi are in progress and we expect to release the resources and reserves in early March 2023, which is consistent with the timing of the release in previous years.

Plans for 2023

- Total metres budgeted for 2023 are 97,000 m for five underground drills, including 49,000 m of definition drilling, 40,000 m of underground exploration drilling and 8,000 m of surface exploration drilling.
- Definition drilling will be focused at 300E, Falcon zone, and down dip on the 711 and 811 zones. For the 2023 budget we have mitigated the risk of the variability of this zone by applying tighter drilling spacing and having additional ore development in place to improve forecasting within the Falcon zone.
- Exploration drilling will be completed up plunge of the Falcon zone and targeting potential for parallel zones at 7 zone along the diorite contact and up plunge from the 311 zone. Additional underground exploration will also be completed further to the east of the current mining areas, in the east-central area of the mine to test for parallel zones north of the historic 8 and 6 zones.

TAILINGS AND WATER MANAGEMENT

As mining operations from the Mishi pit have come to an end, it provides buffer storage to manage the excess water that may come from the surface freshet and reclaim pond, near the Eagle mill as required. The Stage 5 lift that is currently being constructed will provide three years of additional capacity. The engineering design work was completed in Q2 2021 and the construction work began in Q3 2021. \$5.5 million for the Stage 5 lift was incurred in 2022. The Company is building a new water treatment plant using reverse osmosis in order to better control the effluent discharged to the environment. This plant is expected to be online in H2 of 2023.

VENTILATION PROJECT

To increase production to over 600 tonnes per day ("tpd"), the ventilation system has been upgraded by developing the 640 m ramp to provide a connection with the main ramp, constructing a new ventilation raise underground, and installing a second surface fan and booster fans underground. The project was completed in Q2 2022 at a total cost of \$6.7 million. The results of the new ventilation system have met expectations.

KIENA COMPLEX

The Kiena Mine Complex is a fully permitted, integrated mining and milling infrastructure which includes a 930 m production shaft and 2,000 tpd capacity mill. From 1981 to 2013 the mine produced 1.75 million ounces of gold from 12.5 million tonnes at a grade of 4.5 g/t Au. The bulk of this production came from the S-50 zone between depths of 100 and 1,000 m. In 2013, operations were suspended due to a combination of declining gold prices and lack of developed reserves. The infrastructure has been well preserved on care and maintenance status. Since 2015, Wesdome has been continuously exploring the Kiena deposit and in 2016 discovered the Kiena Deep A zone, which remains a focus of underground exploration. When Kiena was placed on care and maintenance in 2013, an impairment charge of \$60.9 million was recorded. Subsequently, an additional impairment charge of \$5.9 million was recorded. In Q2 2021, the Company reversed \$58.6 million of the



previous impairment charges based on the May 26, 2021 restart decision for the Kiena Complex.

Annual Operational Results

	Q4 2022	Q4 2021	Change		FY 2022	FY 2021	Change	
Operating Results								
Tonnes milled	51,419	38,000	13,419	35%	115,171	68,470	46,701	68%
Head grade (g/t Au)	5.9	14.1	(8.2)	(58)%	7.9	10.4	(2.5)	(24)%
Average mill recovery (%)	98.1	98.1	0.0	0%	98.3	98.0	0.3	0%
Mill availability (%)	85.6	91.3	(5.7)	(6)%	93.0	95.8	(2.8)	(3)%
Gold produced (ounces)	9,614	16,929	(7,315)	(43)%	28,848	22,440	6,408	29%
Gold sold (ounces) ¹	9,850	13,207	(3,357)	(25)%	33,750	18,000	15,750	88%

¹ FY 2021 includes 1,793 ounces sold from the Kiena bulk sample, which was processed in Q4 2020.

During 2022, the Kiena Mine produced 28,848 ounces of gold as compared to 22,440 ounces in 2021 primarily due to increased tonnage. In 2022, the mill processed 115,171 tonnes as compared to 68,470 tonnes in 2021 and commercial production was declared on December 1, 2022. The head grade decreased to 7.9 g/t from 10.4 g/t in 2021 due to sourcing ore from the lower grade S50, VC and Martin zones to mitigate lower production from the higher grade Kiena Deep zones because of the delayed ramp development resulting from the supply chain challenges, which delayed the delivery of vital equipment necessary to deal with challenging ground conditions within the Kiena Deep A zone. Despite lower head grades, gold recovery increased to 98.3% from 98.0%.

Annual Financial Results

In 000s, except per units and per share amounts	Q4 2022	Q4 2021	Change		FY 2022	FY 2021	Change	
Gold revenue from mining operation ²	23,352	29,944	(6,592)	(22)%	78,667	36,573	42,094	115%
Cost of Sales								
Mining	12,823	9,070	3,753	41%	39,829	17,151	22,678	132%
Processing	2,187	1,210	977	81%	7,522	2,321	5,201	224%
Site administration and camp costs	3,581	2,234	1,347	60%	12,687	2,796	9,891	354%
Change in inventories ³	1,754	503	1,251	249%	2,103	(3,280)	5,383	(164)%
Depreciation and depletion expense	4,013	334	3,679	1101%	7,637	653	6,984	1070%
	24,358	13,351	11,007	82%	69,778	19,641	50,137	255%
Cash cost per ounce of gold sold (CDN dollars) ^{1,3}	2,063	983	1,080	110%	1,839	1,052	786	75%
Cash margin ^{1,2,3}	3,029	16,962	(13,933)	(82)%	16,612	17,633	(1,021)	(6)%
All-in sustaining costs per ounce of gold (CDN dollars) ^{1,3}	2,348	1,051	1,296	123%	2,059	1,138	922	81%
Production costs per tonne milled ¹	352	335	17	5%	518	325	192	59%
Capital expenditures	26,510	35,456	(8,946)	(25)%	108,904	100,587	8,317	8%

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

² FY 2021 excludes \$3.9 million of revenue from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The incidental revenue was credited against the cost of the Kiena exploration asset.

³ FY 2021 includes a charge of \$0.4 million for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.

Revenue

In 2022, the Kiena Mine generated \$78.7 million in gold sales revenue from the sale of 33,750 ounces as compared to \$36.6 million from the sale of 16,207 ounces in 2021. Sales revenue increased by \$42.1 million compared to 2021 due to higher ounces sold and a higher Canadian dollar realized price.

Cost of sales

Cost of sales of \$69.8 million in 2022 increased by \$50.1 million due to ramping up operations to declare



commercial production on December 1, 2022.

The 2022 cash cost of \$1,839 (US\$1,413) per ounce of gold sold increased by 75% or \$786 per ounce as compared to \$1,052 (US\$839) in 2021 and the AISC of \$2,059 (US\$1,582) per ounce of gold sold increased by 81% or \$922 per ounce as compared to \$1,138 (US\$908) in 2021 primarily due to ramping up operations in anticipation of declaring commercial production, which was delayed until December 1, 2022 due to supply chain challenges in sourcing vital equipment necessary to deal with challenging ground conditions within the Kiena Deep A zone. Once a sufficient level of developed reserves is achieved through the development of the ramp to the higher grade areas of the A zone, the cash cost and AISC are expected to align with the life of mine cash costs and AISC in the Preliminary Feasibility Study ("PFS"), excluding the industry-wide cost escalations that have occurred since the publishing of the study in 2021.

Production Review, Q4 2022 as compared to Q4 2021

During Q4 2022, the Kiena mine produced 9,614 ounces of gold as compared to 16,929 ounces of gold in Q4 2021 primarily due to lower grade; partially offset by higher throughput. In Q4 2022, the mill processed 51,419 t, or 559 tpd as compared to 38,000 t, or 413 tpd due to ramping up operations to declare commercial production on December 1, 2022. The Kiena grade decreased to 5.9 g/t in Q4 2022 from 14.1 g/t in Q4 2021 due to sourcing ore from the lower grade S50, VC and Martin zones to mitigate lower production from the higher grade Kiena Deep zones because of the delayed ramp development resulting from the supply chain challenges, which delayed the delivery of vital equipment necessary to deal with challenging ground conditions within the Kiena Deep A zone. Gold recovery remained consistent at 98.1%.

Financial Review, Q4 2022 as compared to Q4 2021

Revenue

In Q4 2022, Kiena generated \$23.4 million in gold sales revenue from the sale of 9,850 ounces as compared to \$29.9 million from the sale of 13,207 ounces in the same period of 2021. Sales revenue decreased by 22% compared to Q4 2021 due to lower ounces sold; partially offset by a higher Canadian dollar realized price.

Cost of sales

Cost of sales increased by \$11.0 million from \$13.4 million in Q4 2021 due to ramping up operations to declare commercial production on December 1, 2022.

The Q4 2022 cash cost of \$2,063 (US\$1,519) per ounce of gold sold increased by 110% or \$1,080 per ounce as compared to \$983 (US\$780) in Q4 2021 and the AISC of \$2,348 (US\$1,729) per ounce of gold sold increased by 123% or \$1,296 per ounce as compared to \$1,051 (US\$834) in Q4 2021 primarily due to ramping up operations in anticipation of the declaring commercial production, which was delayed until December 1, 2022 due to supply chain challenges in sourcing vital equipment necessary to deal with challenging ground conditions within the Kiena Deep A zone.

EXPLORATION DRILLING AND DEVELOPMENT

Since the completion of the PFS in 2021 and subsequent preproduction activities, underground drilling has been focused on exploration to test sectors proximal to the Kiena Deep A zones. As part of this exploration focus, early success discovered the Footwall zones in 2022. Earlier in 2022, exploration confirmed the presence of the South limb in the folded Kiena Deep A zone at depth (see press release dated June 1, 2022). Recent drilling has continued to return high grade assays from this South limb area. This area remains open along strike and down dip. The discovery of additional zones proximal to the A zones represents a significant benefit to the mining from using common infrastructure. Development metres planned per sub level will leverage access to more ounces, thereby positively impacting future mining.

Most recently in the later half of 2022, drilling intersected two new zones in the hanging wall basalt. This zone consists of disseminated sulfides (pyrrhotite±pyrite) in basalt associated with a stockwork of veinlets composed of quartz ± gold, (mm- to cm-thick) showing a random orientation. Until now, the strike, dip and true thickness of this zone are unknown. The second zone consists of a quartz-cabonate vein (<10 cm-thick) with visible gold that



returned 2,850 g/t Au over 1.5 m. Currently, the strike and dip of this vein are unknown. These new basalt zones all occur below an observed bend or steepening in the plunge of the Kiena Deep A zone. Early hypothesis is that folding/faulting represented by fracturing in hanging wall basalt could allow a favorable environment for this type of mineralization.

Highlights of the recent drilling are listed below.

- Hole N103-6839W4: 2,850 g/t Au over 1.5 m core length New Basalt zone
- Hole N103-6839W2: 11.6 g/t Au over 41.3 m core length (9.7 g/t Au capped,) New Basalt zone
- Hole N112-6838A: 36.0 g/t Au over 6.4 m core length (32.5 g/t Au capped, 4.3 m true width) A1 zone (South Limb)
- Hole 6839W3: 20.3 g/t Au over 12.4 m core length (19.0 g/t Au capped, 5.5 m true width) A zone (South Limb)
- Hole N103-6839W1A : 10.4 g/t Au over 53.5 m core length (5.9 g/t Au capped) New Basalt zone

Assays capped at 90.0 g/t Au for A zone and capped at 35.0 g/t Au for the New Basalt zones. True widths are estimated based on 3D model construction.

The discovery of the Footwall zones, South Limb zone and New Basalt zones have the potential to increase the number of ounces per vertical metre and to provide additional working faces during mining of the same infrastructure. The discovery of these zones highlights the potential to add ounces within the basalt, where the rock quality is significantly better than in the footwall of the A zone allowing for increased development rates. Obviously, this area remains one of the focuses of the current drilling.

Additionally, underground drills on 33 level continue to test historic zones and anomalous drill results further to the east along strike from the Kiena mine.

Surface Exploration Drilling

Since the completion of the PFS for the Kiena Mine in 2021, both surface and underground drilling has been more focused on exploration targets proximal to the Kiena Mine. Initially this drilling has been completed along strike from Kiena within the prospective Jacola Formation to provide additional feed for the Kiena mill. Most recently surface drilling has focused on the Presqu'île zone located 2 kilometres west of the Kiena Mine (see press release dated September 8, 2022. Highlights include 24.3 g/t over 3.3 m core length and 30.0 g/t Au over 9.4 m core length.

Given the significant upside that the Presqu'île zone could represent for Kiena, the Company is planning to proceed with the excavation of an exploration ramp from surface. Permitting and engineering studies are ongoing, with development potentially to start before year-end. This infrastructure would provide the ideal platform for exploration activities to test the potential of the Presqu'île area. It could also easily be connected to Kiena's existing underground ramp network, providing access to surface for the existing operation and ventilation benefits. This could represent a significant milestone on the Company's journey to unlock the full potential of Kiena, as it would provide a second access for conveyance of material and personnel, freeing time for additional ore hoisting via the shaft. Other gains, such as reduced ventilation costs and savings from added operational flexibility are also expected.

To the east of the mine, surface drilling has been focused near the recent discoveries at the Shawkey and Bourgo zones and most recently at the historic Dubuisson zone. Recent drilling has intersected gold mineralization in albite altered diorites with tourmaline and gold, which is interpreted to be a different style and later stage of mineralization compared to the Kiena Deep. This illustrates the potential of this area to represent a different stage of gold mineralization and potential for additional traps for gold mineralization. We continue to focus our drilling in this area and will report results in the near term for this drilling.

Given that these zones are relatively close to the existing 33 level development, these areas represent a potential additional source of ore for the Kiena mill.

Mineral Reserve and Resource Estimates at Kiena



The December 31, 2022 mineral resource and mineral reserves for Kiena are in progress and we expect to release the resources and reserves in early March 2023, which is consistent with the timing of the release in previous years.

Plans for 2023

- Total metres budgeted for 2023 is 33,000 m, including 18,000 m of underground exploration drilling, 10,000 m of definition drilling and 5,000 m of surface exploration drilling on a barge.
- Underground definition and grade control drilling into the A zone from locations within the ramp as it drives down to 129 level.
- Underground exploration drilling will be completed down plunge at the Kiena Deep A zones and Footwall zones, as well as the recently discovered South limb zones and New Basalt zones.
- Surface drilling is planned adjacent to the Presqu'ile Zone to identify additional zones of mineralization that could be mined with the Presqu'ile ramp development.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2022, Wesdome had a working capital deficiency of \$38.0 million compared to working capital of \$39.7 million at December 31, 2021. Cash and cash equivalents at December 31, 2022 was \$33.2 million as compared to \$56.8 million at the beginning of the year. An abbreviated cash flow statement is as follows:

In Millions (Canadian dollar)	FY 2022	FY 2021	Change
Eagle River			
Cash Margin ¹	\$79.1	\$127.7	(48.7)
Sustaining capital and mine exploration	(31.1)	(26.4)	(4.6)
Tailings management facility	(5.5)	(4.2)	(1.3)
Ventilation project	(0.5)	(2.6)	2.1
Capitalized exploration	0.0	(9.7)	9.7
Lease payments	(8.9)	(8.8)	(0.1)
	33.1	76.1	(42.9)
Kiena			
Cash Margin ¹	16.6	17.6	(1.0)
Sustaining capital and mine exploration	(1.7)	0.0	(1.7)
Ramp development - Kiena Deep	(0.9)	0.0	(0.9)
Mining equipment and infrastructure upgrades	(5.7)	0.0	(5.7)
Investment in development, exploration & evaluation ²	(100.6)	(100.6)	(0.1)
	(92.3)	(83.0)	(9.4)
Corporate	(11.8)	(10.6)	(1.2)
Exploration	(14.4)	(0.5)	(13.9)
Stock options exercised	3.0	5.2	(2.2)
Mining and income tax paid	(17.6)	(11.4)	(6.2)
Proceeds on disposal of Moss Lake mineral properties	0.0	11.8	(11.8)
Investment in marketable securities	0.0	(2.1)	2.1
Proceeds from revolving credit facility	54.7	0.0	54.7
Proceeds from ATM equity program	12.4	0.0	12.4
Cash collateralized for letter of credit facilities	(0.5)	0.0	(0.5)
Net change in working capital and other	9.8	7.8	2.0
Net decrease in cash	(\$23.6)	(\$6.7)	(\$16.9)
Cash, beginning of period	\$56.8	\$63.5	
Cash, end of period	\$33.2	\$56.8	

¹ Cash margin is a non-IFRS performance measure. Please refer to the disclosures of non-IFRS measures in this MD&A.

² FY 2021 investment is net of incidental gold sales credit of \$3.9 million from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.

While the FY 2022 cash margin¹ at Kiena remained consistent with FY 2021, the cash margin¹ at Eagle River declined by 38% for the same period due to the decrease in the number of ounces of gold sold combined with the increased operating costs; partially offset by a higher Canadian dollar realized gold price. The Company invested a total of \$108.9 million in the Kiena asset in FY 2022 as compared to \$100.6 million in FY 2021.

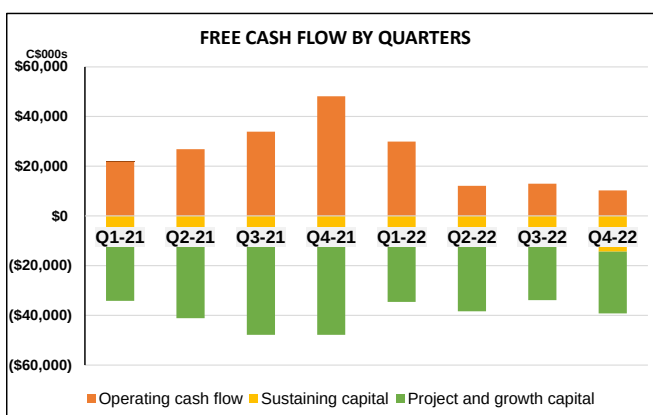
The following table identifies the significant movements in operating cash flow for the three months and the years ended December 31, 2022 and 2021 as follows:

In \$000s	Q4 2022	Q4 2021	Change		FY 2022	FY 2021	Change	
Operating cash flow, previous period	12,945	33,890	(20,945)	(62)%	130,958	102,292	28,666	28%
Increase (decrease) in cash margin from mine operations	9,473	12,305	(2,832)		(49,680)	26,104	(75,784)	
Decrease (increase) in other operating expenditures	3,957	(252)	4,209		(15,106)	(3,242)	(11,864)	
Mining and income tax recovery (payments)	(1,539)	(1,789)	250		1,555	(5,482)	7,037	
Covid-19	-	-	-		-	2,824	(2,824)	
Net change in working capital balances	(13,934)	5,088	(19,022)		(2,475)	8,131	(10,606)	
Other	(635)	(1,082)	447		(46)	331	(377)	
Net increase (decrease) in operating cash flows	(2,678)	14,270	(16,948)		(65,752)	28,666	(94,418)	(329)%
Operating cash flow, current period	10,267	48,160	(37,893)	(79)%	65,206	130,958	(65,752)	(50)%

Capital expenditures incurred in FY 2022 totaled \$146.0 million as compared to \$143.5 million in FY 2021. A breakdown of the capital expenditures for the three months and years ended December 31, 2022 and 2021 are as follows:

In \$000s	Q4 2022	Q4 2021	Change		FY 2022	FY 2021	Change	
Mining properties and plant and equipment								
Eagle River								
Capitalized exploration costs	1,202	2,915	(1,713)		4,883	9,652	(4,769)	
Sustaining mine development costs	4,295	5,523	(1,228)		16,300	20,348	(4,048)	
Mining equipment and infrastructure upgrades	5,585	1,956	3,629		9,883	6,072	3,811	
Tailings management facility	1,597	1,752	(155)		5,494	4,238	1,256	
Ventilation project	-	228	(228)		499	2,557	(2,058)	
	12,679	12,374	305		37,059	42,867	(5,808)	
Kiena								
Capitalized exploration costs	236	-	236		236	-	236	
Sustaining mine development costs	1,446	-	1,446		1,446	-	1,446	
Ramp development - Kiena Deep	919	-	919		919	-	919	
Mining equipment and infrastructure upgrades	5,668	-	5,668		5,668	-	5,668	
Additions to Mining properties	20,948	12,374	8,574	69%	45,328	42,867	2,461	6%
Mines under development and plant and equipment								
Capitalized mine development costs	4,284	5,353	(1,069)		25,928	17,525	8,403	
Mining equipment and infrastructure upgrades	13,958	30,103	(16,145)		74,707	58,812	15,895	
Additions to Mines under development	18,242	35,456	(17,214)	(49)%	100,635	76,337	24,298	32%
Exploration and evaluation expenditures								
Kiena	-	-	-		-	24,250	(24,250)	
Moss Lake	-	-	-		-	17	(17)	
Additions to Exploration properties	-	-	-	0%	-	24,267	(24,267)	(100)%
Total capital investments	39,190	47,830	(8,640)	(18)%	145,963	143,471	2,492	2%

Free cash outflow¹ was \$90.2 million in FY 2022 compared to a free cash outflow¹ of \$21.3 million in FY 2021. The increase in free cash outflow¹ was mainly due to the lower cash margin¹ generated at the Eagle River Complex.



¹ Free cash flow is a non-IFRS performance measure. Please refer to the disclosures of non-IFRS measures in this MD&A

Secured Credit Facility and Lease Facilities

Secured Credit Facility

On August 31, 2022, Wesdome executed an amended and restated credit agreement that upsizes its senior secured revolving credit facility ("**NBF Facility**"), led by National Bank Financial Inc. ("**NBF**") to \$80 million immediately and to \$150 million upon declaration of commercial production at Kiena. The NBF Facility also extends the term to August 25, 2025 from March 29, 2024. During the year ended 2022, 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 February 22, 2023, CDN\$55 million as drawn owing under the NBF facility, bearing an interest rate of 7.62% per annum.

Leasing Facility

The Company currently has a leasing facility ("**C\$ Leasing Facility**") with a chartered Canadian bank and a leasing facility ("**US\$ Leasing Facility**") with a U.S. based leasing company. As at December 31, 2022, \$7.1 million and US\$0.6 million was owing under the C\$ Leasing Facility and US\$ Leasing Facility, respectively.

Reclamation Bonds

The Company has an agreement with a financial institution whereby the financial institution has issued unsecured surety bonds to the extent of \$9.6 million to satisfy the Company's financial assurance requirements for the Eagle River Complex, and \$7.0 million to satisfy the Kiena Complex requirements. As at December 31, 2022, the total reclamation bonds issued to government environmental agencies amounted to \$16.6 million (December 31, 2021 - \$16.6 million).

The final 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 approved the closure plan for the Eagle River Mill in Q1 2020 and the closure plans for the Eagle River Mine and the Mishishiki-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.

The Company submitted an updated Closure Plan for the Kiena Complex in Q2 2021, which will include the planned upgrades to the site's Tailings Management Area. The Company anticipates, and is prepared for, increased financial assurance to be required under the updated Closure Plan.

SUMMARY OF SHARES ISSUED

As of February 22, 2023, the Company had securities outstanding as follows:

Shares outstanding	000s
Common shares issued	144,080
Common share purchase options	1,493
Deferred Share Units	430
Performance Share Units	299
Restricted Share Units	116

At-the-Market Equity Program



On December 2, 2022, Wesdome established an at-the-market equity program (the “ATM Program”) allowing Wesdome to issue and sell up to \$100 million of common shares from treasury (the “Common Shares”) to the public from time to time at the Company’s sole discretion and at the prevailing market price. Shares cannot be issued under the ATM Program while the Company is in a blackout period. Sales of the Common Shares under the ATM Program will be made pursuant to the terms of an equity distribution agreement (the “Distribution Agreement”) dated December 2, 2022 entered into among the Company and a syndicate of agents including National Bank Financial, BMO Capital Markets and Desjardins Capital Markets (collectively, the “Agents”). The volume and timing of distributions under the ATM Program will be determined at the Company’s sole discretion, subject to applicable regulatory limitations.

The Company currently intends to use the net proceeds from the ATM Program to repay indebtedness, for working capital, and general corporate purposes. The ATM Program will provide Wesdome with a flexible tool to efficiently access the capital markets, opportunistically as needed, in order to continue executing on its growth strategy. Management of the Company has discretion with respect to the actual use of the net proceeds of the ATM Program.

All Common Shares sold pursuant to the ATM Program will be sold through the Toronto Stock Exchange (the “TSX”) or on any other “marketplace” within the meaning of National Instrument 21-101 – Marketplace Operation upon which the Common Shares are listed or quoted or where the Common Shares are traded in Canada, at prices related to prevailing market price at the time of sale. Since the Common Shares will be distributed at the prevailing market prices at the time of the sale or certain other prices, prices may vary among purchasers and during the period of distribution. The TSX has conditionally approved the listing of the Common Shares that may be sold under the ATM Program.

During the year ended December 31, 2022, the Company issued 1,593,900 common shares at an average price of \$8.21 per share under the ATM Program for gross proceeds of \$13.1 million (2021 - \$Nil) with aggregate costs of \$472,000 (2021 - \$Nil), net of deferred taxes of \$160,000 (2021 - \$Nil).

CONTRACTUAL OBLIGATIONS

The following table shows the timing of cash outflows relating to contractual obligations as at December 31, 2022:

In \$000s					
	Total	Within 1 year	1 - 2 Years	3 – 5 Years	Beyond 5 years
Payables and accruals	54,734	\$54,734	-	-	-
Borrowings	55,000	-	55,000	-	-
Lease liabilities	9,680	6,450	2,784	446	-
Purchase commitments	26,069	26,069	-	-	-
Decommissioning provisions	25,452	-	-	-	25,452
	\$170,935	\$87,253	\$57,784	\$446	\$25,452

NON-IFRS PERFORMANCE MEASURES

Average realized price per ounce of gold sold

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

In 000s, except per unit amounts	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2022	FY 2021
Revenues per financial statements ¹	75,035	61,823	61,931	66,694	85,505	67,548	63,881	45,973	265,483	262,907
Silver revenue from mining operations	(60)	(54)	(61)	(88)	(95)	(69)	(79)	(39)	(263)	(282)
Gold revenue from mining operations (a)	74,975	61,769	61,870	66,606	85,410	67,479	63,802	45,934	265,220	262,625
Ounces of gold sold (b)	31,500	27,500	26,000	28,000	37,544	30,000	28,500	20,664	113,000	116,708
Average realized price gold sold CAD (c) = (a) ÷ (b)	2,380	2,246	2,380	2,379	2,275	2,249	2,239	2,223	2,347	2,250
Average 1 USD → CAD exchange rate (d)	1.3578	1.3056	1.2768	1.2662	1.2603	1.2600	1.2282	1.2660	1.3013	1.2535
Average realized price gold sold USD (c) ÷ (d)	1,753	1,720	1,864	1,879	1,805	1,785	1,823	1,756	1,804	1,795

¹ Q1 2021 and FY 2021 excludes \$3.9 million of revenue from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The incidental revenue was credited against the cost of the Kiena exploration asset.

Cash costs per ounce of gold sold

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

In 000s, except per unit amounts	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2022	FY 2021
Cost of sales per financial statements ¹	61,997	56,294	51,374	44,706	45,945	39,636	29,774	30,264	214,371	145,619
Depletion and depreciation	(13,428)	(11,464)	(11,316)	(8,354)	(8,121)	(7,395)	(6,483)	(6,067)	(44,562)	(28,066)
Silver revenue from mining operations	(60)	(54)	(61)	(88)	(95)	(69)	(79)	(39)	(263)	(282)
Cash costs (a)	48,509	44,776	39,997	36,264	37,729	32,172	23,212	24,158	169,546	117,271
Ounces of gold sold ² (b)	31,500	27,500	26,000	28,000	37,544	30,000	28,500	22,457	113,000	118,501
Cash costs per ounce of gold sold (c) = (a) ÷ (b)	1,540	1,628	1,538	1,295	1,005	1,072	814	1,076	1,500	990
Average 1 USD → CAD exchange rate (d)	1.3578	1.3056	1.2768	1.2662	1.2603	1.2600	1.2282	1.2660	1.3013	1.2535
Cash costs per ounce of gold sold USD (c) ÷ (d)	1,134	1,247	1,205	1,023	797	851	663	850	1,153	789

¹ Q1 2021 and FY 2021 includes a \$0.4 million charge for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020.

² Q1 2021 and FY 2021 includes 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020.



Production costs per tonne milled

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

In 000s, except per unit amounts	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2022	FY 2021
Cost of sales per financial statements ¹	61,997	56,294	51,374	44,706	45,945	39,636	29,774	30,264	214,371	145,619
Depletion and depreciation	(13,428)	(11,464)	(11,316)	(8,354)	(8,121)	(7,395)	(6,483)	(6,067)	(44,562)	(28,066)
Royalties	(1,172)	(766)	(822)	(903)	(1,078)	(1,038)	(1,296)	(984)	(3,663)	(4,396)
Inventory adjustments ¹	1,288	(3,518)	1,697	1,856	373	2,170	1,483	487	1,323	4,513
Mining and processing costs, before inventory adjustments (a)	48,685	40,546	40,933	37,305	37,119	33,373	23,478	23,700	167,469	117,670
Ore milled (tonnes) (b)	109,725	71,954	94,127	86,252	100,374	90,200	72,404	70,759	362,058	333,737
Production costs per tonne milled (a) ÷ (b)	444	563	435	433	370	370	324	335	463	353

¹ Q1 2021 and FY 2021 includes a \$0.4 million charge for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020.

Cash margin

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

In 000s, except per unit amounts	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2022	FY 2021
Gold revenue from mining operations ¹ (per above)	74,975	61,769	61,870	66,606	85,410	67,479	63,802	45,934	265,220	262,625
Cash costs ² (per above)	48,509	44,776	39,997	36,264	37,729	32,172	23,212	24,158	169,546	117,271
Cash margin	26,466	16,993	21,873	30,342	47,681	35,307	40,590	21,776	95,674	145,354
Per ounce of gold sold (Canadian dollar):										
Average realized price (a)	2,380	2,246	2,380	2,379	2,275	2,249	2,239	2,223	2,347	2,250
Cash costs (b)	1,540	1,628	1,538	1,295	1,005	1,072	814	1,076	1,500	990
Cash margin (a) – (b)	840	618	842	1,084	1,270	1,177	1,425	1,147	847	1,260

¹ Q1 2021 and FY 2021 excludes \$3.9 million of revenue from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The incidental revenue was credited against the cost of the Kiena exploration asset.

² Q1 2021 and FY 2021 includes a \$0.4 million charge for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020.



All-in sustaining costs

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

In 000s, except per unit amounts	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2022	FY 2021
Cost of sales, per financial statements ¹	61,997	56,294	51,374	44,706	45,945	39,636	29,774	30,264	214,371	145,619
Depletion and depreciation	(13,428)	(11,464)	(11,316)	(8,354)	(8,121)	(7,395)	(6,483)	(6,067)	(44,562)	(28,066)
Silver revenue from mining operations	(60)	(54)	(61)	(88)	(95)	(69)	(79)	(39)	(263)	(282)
Cash costs	48,509	44,776	39,997	36,264	37,729	32,172	23,212	24,158	169,546	117,271
Sustaining mine exploration and development	7,179	5,134	5,297	5,255	5,523	4,390	5,470	4,965	22,865	20,348
Sustaining mine capital equipment	5,585	2,232	1,556	510	1,956	2,231	1,491	394	9,883	6,072
Tailings management facility	1,597	3,692	122	83	1,752	1,727	565	194	5,494	4,238
Corporate and general	2,309	2,918	3,221	3,375	2,817	2,565	2,841	2,391	11,823	10,614
Less: Corporate development	(72)	(87)	(31)	(106)	(258)	(116)	(129)	-	(296)	(503)
Payment of lease liabilities ²	2,167	2,300	2,345	2,086	3,502	1,876	1,884	1,516	8,898	8,778
All-in Sustaining costs (AISC) (a)	67,274	60,965	52,507	47,467	53,021	44,845	35,334	33,618	228,213	166,818
Ounces of gold sold ³ (b)	31,500	27,500	26,000	28,000	37,544	30,000	28,500	22,457	113,000	118,501
AISC (c) = (a) ÷ (b)	2,136	2,217	2,020	1,695	1,412	1,495	1,240	1,497	2,020	1,408
Average 1 USD → CAD exchange rate (d)	1.3578	1.3056	1.2768	1.2662	1.2603	1.2600	1.2282	1.2660	1.3013	1.2535
AISC USD (c) ÷ (d)	1,573	1,698	1,582	1,339	1,121	1,186	1,009	1,182	1,552	1,123

¹ Q1 2021 and FY 2021 includes a \$0.4 million charge for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020.

² Q1 2021 and FY 2021 includes 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020.



Free cash flow and operating and free cash flow per share

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

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

In 000s, except per share amounts	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2022	FY 2021
Net cash provided by operating activities per financial statements ¹ (c)	10,267	12,945	12,101	29,893	48,160	33,890	26,875	22,033	65,206	130,958
Sustaining mine exploration and development	(7,179)	(5,134)	(5,297)	(5,255)	(5,523)	(4,390)	(5,470)	(4,965)	(22,865)	(20,348)
Sustaining mine capital equipment	(5,585)	(2,232)	(1,556)	(510)	(1,956)	(2,231)	(1,491)	(394)	(9,883)	(6,072)
Tailings management facility	(1,597)	(3,692)	(122)	(83)	(1,752)	(1,727)	(565)	(194)	(5,494)	(4,238)
Ventilation project	-	-	(157)	(342)	(228)	(1,482)	(13)	(834)	(499)	(2,557)
Capitalized development, exploration and evaluation expenditures ²	(4,284)	(5,550)	(8,404)	(7,690)	(5,353)	(6,666)	(16,857)	(11,899)	(25,928)	(40,775)
Exploration capital equipment	-	-	-	-	-	-	(1,347)	(696)	-	(2,043)
Mines under development capital equipment	(13,958)	(17,230)	(22,796)	(20,723)	(30,103)	(20,815)	(5,868)	-	(74,707)	(56,786)
Growth mine exploration and development	(919)	-	-	-	-	-	-	-	(919)	-
Growth mine capital equipment	(5,668)	-	-	-	-	-	-	-	(5,668)	-
Purchase of mineral properties	-	-	-	-	-	(1,000)	-	-	-	(1,000)
Surface exploration at Eagle River	-	-	-	-	(2,915)	(2,790)	(2,511)	(1,436)	-	(9,652)
Funds held against standby letters of credit	(519)	-	-	-	-	-	-	-	(519)	-
Payment of lease liabilities	(2,167)	(2,300)	(2,345)	(2,086)	(3,502)	(1,876)	(1,884)	(1,516)	(8,898)	(8,778)
Free cash flows (a)	(31,609)	(23,193)	(28,576)	(6,796)	(3,172)	(9,087)	(9,131)	99	(90,174)	(21,291)
Weighted number of shares (000s) (b)	142,782	142,487	142,478	141,830	141,156	140,432	139,754	139,732	142,391	140,195
Per Share data										
Operating cash flow (c) ÷ (b)	0.07	0.09	0.08	0.21	0.34	0.24	0.19	0.16	0.46	0.93
Free cash flow (a) ÷ (b)	(0.22)	(0.16)	(0.20)	(0.05)	(0.02)	(0.06)	(0.07)	0.00	(0.63)	(0.15)

¹ Q1 2021 and FY 2021 includes a \$0.4 million charge for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020.

² Q1 2021 and FY 2021 investment is net of incidental gold sales credit of \$3.9 million from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.

Net income (adjusted) and Adjusted net income per share

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

In 000s, except per share amounts	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021 ¹	Q2 2021 ¹	Q1 2021	FY 2022	FY 2021
Net income (loss) per financial statements ²	(3,527)	(3,899)	(14,331)	7,051	24,762	14,486	84,937	7,103	(14,706)	131,288
Adjustments for:										
Gain on disposal of Moss Lake mineral properties	-	-	-	-	-	-	(34,330)	-	-	(34,330)
Impairment reversal of Kiena	-	-	-	-	-	-	(58,563)	-	-	(58,563)
Impairment of exploration properties	-	-	-	-	-	4,394	3,113	-	-	7,507
Impairment of investment in associate	-	-	11,800	-	-	-	-	-	11,800	-
Other	-	-	-	-	-	-	-	-	-	-
Total adjustments	-	-	11,800	-	-	4,394	(89,780)	-	11,800	(85,386)
Related income tax effect	-	-	(2,950)	-	-	(1,098)	18,441	-	(2,950)	17,343
Recognition of mining taxes	-	-	-	-	-	(374)	7,032	-	-	6,658
	-	-	8,850	-	-	2,922	(64,307)	-	8,850	(61,385)
Net income (loss) adjusted (a)	(3,527)	(3,899)	(5,481)	7,051	24,762	17,408	20,630	7,103	(5,856)	69,903
Weighted number of shares (000s) (b)	142,782	142,487	142,478	141,830	141,156	140,432	139,754	139,732	142,391	140,195
Per Share data										
Net adjusted income (loss) (a) ÷ (b)	(0.02)	(0.03)	(0.04)	0.05	0.18	0.12	0.15	0.05	(0.04)	0.50

¹ Q2 2021 and Q3 2021 have been restated to correct an error in the valuation of the share consideration receivable related to the sale of the Moss Lake Project which closed on May 31, 2021. The proceeds have been restated to \$44.7 million from \$49.5 million, which has decreased the gain on sale of the Moss Lake properties to \$30.2 (net of tax of \$4.1 million) from \$34.4 million (net of tax of \$4.7 million). The Q2 2021 net income has decreased by \$2.9 million, which includes a \$1.5 million gain resulting from the mark-to-market of the share consideration receivable. Earnings per share for Q2 2021 changed from \$0.63 to \$0.61 per share. The Q3 net income has decreased by \$0.9 million resulting from the mark-to-market of the share consideration receivable. Earnings per share for Q3 2021 changed from \$0.11 to \$0.10 per share.

² Q1 2021 and FY 2021 includes a \$0.4 million charge for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The \$3.9 million of revenue from the Kiena bulk sample was excluded from revenue and credited against the cost of the Kiena exploration asset.

EBITDA

Earnings before interest, taxes and depreciation and amortization (“**EBITDA**”) is a non-IFRS financial measure which excludes the following items from net income (loss): interest expense; mining and income taxes and depletion and depreciation expenses. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use EBITDA as an indicator of Wesdome’s ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures. EBITDA is intended to provide additional information to investors and analysts and do not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other producers may calculate EBITDA differently. The following table provides a reconciliation of net income in the Company’s financial statements to EBITDA:

In 000s	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021 ¹	Q2 2021 ¹	Q1 2021	FY 2022	FY 2021
Net income (loss) per financial statements ²	(3,527)	(3,899)	(14,331)	7,051	24,762	14,486	84,937	7,103	(14,706)	131,288
Adjustments for:										
Mining and income tax expense	10,129	(3,339)	(257)	4,982	11,013	5,248	35,543	5,233	11,515	57,037
Depletion and depreciation	13,428	11,464	11,316	8,354	8,121	7,395	6,483	6,067	44,562	28,066
Non-recurring expenses (income)	-	-	11,800	-	-	4,394	(89,780)	-	11,800	(85,386)
Interest expense	1,279	588	316	263	339	325	271	259	2,446	1,194
EBITDA	21,309	4,814	8,844	20,650	44,235	31,848	37,454	18,662	55,617	132,199

¹ Q2 2021 and Q3 2021 have been restated to correct an error in the valuation of the share consideration receivable related to the sale of the Moss Lake Project which closed on May 31, 2021. The proceeds have been restated to \$44.7 million from \$49.5 million, which has decreased the gain on sale of the Moss Lake properties to \$30.2 (net of tax of \$4.1 million) from \$34.4 million (net of tax of \$4.7 million). The Q2 2021 net income has decreased by \$2.9 million, which includes a \$1.5 million gain resulting from the mark-to-market of the share consideration receivable. Earnings per share for Q2 2021 changed from \$0.63 to \$0.61 per share. The Q3 net income has decreased by \$0.9 million resulting from the mark-to-market of the share consideration receivable. Earnings per share for Q3 2021 changed from \$0.11 to \$0.10 per share.

² Q1 2021 and FY 2021 includes a \$0.4 million charge for product inventory costs from the sale of 1,793 ounces of gold from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. The \$3.9 million of revenue from the Kiena bulk sample was excluded from revenue and credited against the cost of the Kiena exploration asset.

ACCOUNTING MATTERS

BASIS OF PRESENTATION

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

CRITICAL JUDGMENT IN APPLYING ACCOUNTING POLICIES

Exploration and evaluation expenditures

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Reserves and resources

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

Changes in the proven and probable reserves or measured, indicated and inferred mineral resources estimates may impact the carrying value of mining properties and equipment, depletion, impairment assessments and the timing of decommissioning and remediation obligations.

(ii) Depletion

Mining properties are depleted using the Units of Production ("UOP") method over a period not to exceed the estimated life of the ore body based on recoverable ounces to be mined from proven and probable reserves.

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

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

(iii) *Provision for decommissioning obligations*

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

(iv) *Stock-based compensation*

The determination of the fair value of stock-based compensation is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Stock-based compensation incorporates an expected forfeiture rate and is estimated based on historical forfeitures and expectations of future forfeitures, and is adjusted if the actual forfeiture rate differs from the expected rate.

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

(v) *Income taxes and deferred taxes*

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

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

(vi) *Recoverability of mining properties*

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

(vii) *Inventory – ore stockpile*

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

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

(viii) *Provisions and contingent liabilities*

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

NEW ACCOUNTING POLICY

Amalgamation

The Company has applied the policy of restatement of periods prior to the business combination under common control (retrospective approach). Under this approach the financial information in the financial statements is restated for periods prior to the business combination under common control, to reflect the combination as if it had occurred from the beginning of the earliest period presented, regardless of the actual date of the combination.

ACCOUNTING PRONOUNCEMENTS

New standards and interpretations

There have been no new standards and interpretations adopted since the release of the Company's financial statements for the year ended December 31, 2021.

New standards and interpretations not yet adopted

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 extent of the impact of adoption of these amendments has not yet been determined.

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 extent of the impact of adoption of these amendments has not yet been determined.

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 extent of the impact of adoption of this amendment has not yet been determined.

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. The extent of the impact of adoption of this amendment has not yet been determined.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments disclosures require the Company to provide information about: a) the significance of financial instruments for the Company’s financial position and performance and, b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the statement of financial position date, and how the Company manages those risks. Please refer to note 33 of the Company’s financial statements for a discussion of the factors that affects Wesdome.

RELATED PARTY TRANSACTIONS

Key management of the Company are its Board of Directors and members of executive management. Key management personnel remuneration includes the following payments for the three months and the full year ended December 31, 2022 and 2021:

In 000s	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Salary and short-term employee benefits	\$ 961	\$ 830	\$5,238	\$ 4,833
Stock-based payments	609	474	2,536	2,255
Long-term benefits	16	15	62	60
	\$ 1,586	\$ 1,319	\$7,836	\$ 7,148

RISKS AND UNCERTAINTIES

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

Nature of Mineral Exploration

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

Mineral Resource and Mineral Reserve Estimates

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

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

of the minerals are less amenable than expected to mining or treatment, or dilution increases.

Safety, Health and Environmental Regulations

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

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

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

Economic Conditions

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

Market events and conditions, including the deterioration of global economic conditions due to COVID-19 have caused significant volatility to commodity prices. The governments have introduced extensive financial packages to support individuals and businesses. Central banks have decreased their lending rates to almost zero and have announced extensive and direct lending to private corporations and financial companies. Various businesses may fail and there could be significant loan defaults. The impact to consumer and business confidence levels is not known at this time. There is a possibility of a world-wide recession.

The Company is monitoring the outbreak of the COVID-19 coronavirus. Current business disruptions could impact our suppliers which in turn could impact the operating results of the Company. Should the outbreak become more widespread, procurement of equipment, spare parts and supplies may be impacted. The normal operation and maintenance of the Company's assets may be halted or delayed and negatively impact the business, financial condition and results of operations of the Company.

The Company is also exposed to liquidity and various counterparty risks, including, but not limited to: (i) financial institutions that hold the Company's cash and cash equivalents; (ii) companies that have payables to the Company; (iii) the Company's insurance providers; (iv) the Company's lenders; (v) the Company's other banking

counterparties; and (vi) companies that have received deposits from the Company for the future delivery of equipment and/or other operational inputs. The Company is also exposed to liquidity risks in meeting its capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favorable to the Company. As a result of this uncertainty, the Company's planned growth could either be adversely or positively impacted and the trading price of the Company's securities could either be adversely or positively affected.

Gold Price Volatility

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

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

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

- (a) reduce production revenues as a result of cutbacks caused by the cessation of mining operations involving deposits or portions of deposits that have become uneconomic at the prevailing price of gold;
- (b) cause the cessation or deferral of new mining projects;
- (c) decrease the amount of capital available for exploration activities;
- (d) reduce existing reserves by removing ore from reserves that cannot be economically mined at prevailing prices; or
- (e) cause the write-off of an asset whose value is impaired by the low price of gold.

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

Currency Fluctuations

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

Title Matters

The acquisition of title to mining claims and similar property interests is a detailed and time-consuming process. Title to and the area of mining claims and similar property interests may be disputed. The Company has



investigated title to all of its material mineral properties and the Company believes that title to all of its material properties are in good standing; however, the foregoing should not be construed as a guarantee of title to those properties. Title to those properties may be affected by undisclosed and undetected defects. For example, certain properties may have been acquired in error from parties who did not possess transferable title, may be subject to prior unregistered agreements or transfers.

Community

The Company's goal at each of its operations is to hire as much as possible of its workforce, including management teams, directly from the local region in which the operation is located. In 2022, 84% of the Company's mine workforce is hired locally. Wesdome believes that providing employment is one of the most significant contributions it can make to the communities in which it operates.

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

Aboriginal Rights and Duty to Consult

The Company operates and does exploration on properties, which are subject to Aboriginal rights or titles. The Company is committed to proactive and timely consultation with the Indigenous groups affected by its activities. Consultation has the potential to cause delays in making decisions or advancing new proposed projects. Further, there is no assurance that Indigenous groups will be supportive of the Company's activities following consultation. In Ontario, the Company is advised by the Provincial government as to the specific Indigenous groups the Company is required to consult with regarding its activities.

With respect to the Eagle River Complex, in 2014, the Company entered into a Memorandum of Understanding ("MOU") with Pic Mobert First Nation and in 2018 an MOU was signed with the Métis Nation of Ontario ("MNO"). In 2021, the MOU with MNO was renewed as a General Relationship Agreement. In 2020, the Company finalized an Exploration Agreement with Batchewana First Nation regarding exploration activities around the Eagle River Complex. On-going dialogue takes place between the Company and affected Indigenous groups.

The Company is advised by the Provincial government as to the specific Indigenous groups the Company is required to consult with regarding its activities.

Mining Risks and Insurance

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

The Company's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, the Company may be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance covering the full scope of environmental risks (including potential for pollution or other hazards as a result of disposal of waste products occurring from exploration and production) is not generally available within the industry on commercially acceptable terms. The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks either not insured or for which there is limited insurance would include, but not limited to, environmental pollution, mine flooding or other hazards against which such companies cannot insure or against which they may elect not to insure. Losses from uninsured events may cause the Company to incur significant costs.



The activities of the Company are subject to a number of challenges over which the Company has little or no control, but that may delay production and negatively impact the Company's financial results, including: increases in energy, fuel and/or other production costs; higher insurance premiums; industrial accidents; labour disputes; shortages of skilled labour; contractor availability; unusual or unexpected geological or operating conditions; stope failures; cave-ins of underground workings; and failure of dams. If the Company's total production costs per ounce of gold rise above the market price of gold and remain so for any sustained period, the Company may experience losses and may curtail or suspend some or all its exploration, development and mining activities.

Reclamation and Mine Closure Costs

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

The ultimate timing of, and costs for, future removal and site restoration could differ from current estimates. The Company's estimates for this future liability are subject to change based on amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations.

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

Dilution to Common Shares

As of December 31, 2022, there were stock options outstanding to purchase 1,492,510 common shares in the capital of the Company. The common shares issuable under these options, if fully exercised, would constitute approximately 1% of the Company's resulting share capital. The exercise of such options and the subsequent resale of such shares in the public market could affect the prevailing share market price and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional common shares and the Company may grant additional share purchase warrants and stock options.

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

Share Price Fluctuations

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



Additional Funding Requirements

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

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

Long Term Debt

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

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

Impairment of Assets

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

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

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

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

Reliance on Management

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

Competition

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

Skilled Employees

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

Information Systems

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Disclosure Controls and Procedures

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

- (i) material information relating to the Corporation has been made known to them; and
- (ii) information required to be disclosed in the Corporation's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.



There were no changes made to Wesdome's disclosure controls and procedures in Q4 2022.

Internal Control over Financial Reporting

The CEO and the CFO have also designed internal controls over financial reporting ("ICFR") or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management used the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Company's internal controls for the year ended December 31, 2022. Based on this evaluation, management concluded that the Company's internal control over financial reporting was designed and operating effectively as at December 31, 2022 to provide reasonable assurance the financial information is recorded, processed, summarized and reported in a timely manner.

Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation. There have been no significant changes in our internal controls during the three months and year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, Wesdome's internal control over financial reporting.

Limitations of Controls and Procedures

Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

RESPONSIBILITY FOR TECHNICAL INFORMATION

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

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

INFORMATION CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

The mineral reserve and resource estimates were prepared in accordance with NI 43-101 as required by Canadian securities regulatory authorities. For United States reporting purposes, the United States Securities and Exchange Commission ("**SEC**") applies different standards in order to classify mineralization as a reserve. In particular, while the terms "measured," "indicated" and "inferred" mineral resources are required pursuant to NI 43-101, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories



constitute or will ever be converted into reserves. In addition, “inferred” mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities laws, issuers must not make any disclosure of results of an economic analysis that includes inferred mineral resources, except in rare cases.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

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

RISK FACTORS

Refer to the risk factors described in the Company’s 2022 Annual Information Form filed on SEDAR at www.sedar.com.

