



WESDOME GOLD MINES LTD.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Management's Responsibility for Financial Statements

The accompanying financial statements have been prepared by and are the responsibility of the management of Wesdome Gold Mines Ltd. (the "Company"). The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgements based on currently available information.

Management is also responsible for a system of internal control which is designed to provide reasonable assurance that assets are safeguarded, liabilities are recognized and that the accounting systems provide timely and accurate financial reports.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities in respect of financial reporting and internal control. The Audit Committee of the Board of Directors meets periodically with management and the Company's independent auditors to discuss auditing matters and financial reporting issues. In addition, the Audit Committee reviews the annual financial statements before they are presented to the Board of Directors for approval.

The Company's independent auditors, Grant Thornton LLP, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

February 22, 2023
Toronto, Canada

/s/ Scott Gilbert
Chief Financial Officer



Wesdome Gold Mines Ltd.

Independent auditor's report

Grant Thornton LLP

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To the Shareholders of Wesdome Gold Mines Ltd.

Opinion

We have audited the financial statements of Wesdome Gold Mines Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of income/(loss) and comprehensive income/(loss), statements of total equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Share Consideration Receivable

Refer to Notes 8, 11 and 33 of the financial statements.

During 2021 the Company closed the sale of the Moss Lake Project ('Moss Lake') with Goldshore Resources Inc. ('Goldshore'), acquiring all of Company's property, assets and rights related to Moss Lake. As part of the transaction, the Company had recorded share consideration receivable of \$15.3 million. During the reporting year the receivable was re-valued and a fair value loss of \$6.4 million was recorded. Share consideration receivable was determined to be a key audit matter given the significance of the amount to the financial statements, and that management's assessment process is complex, highly judgmental and includes estimation uncertainty for the fair values of share consideration receivable.

Our audit procedures included, amongst others:

- Assessed the competence and objectivity of management's valuations team through reviewing the qualifications of the individuals involved in preparing the fair value analysis of the share consideration receivable.
- Involved valuation professionals with specialized skills and knowledge who assisted in assessing the reasonableness of management's inputs and assumptions, such as volatility and the risk-free rate, used in the model for determination of the fair value of share consideration receivable;
- Assessed the valuation methodology and related disclosures for appropriate accounting under provisions of IFRS.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Irwin.



Toronto, Canada
February 22, 2023

Chartered Professional Accountants
Licensed Public Accountants

Wesdome Gold Mines Ltd.

Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Notes	As at December 31, 2022	As at December 31, 2021
Assets			
Current			
Cash and cash equivalents		\$ 33,185	\$ 56,764
Receivables and prepaids	10	12,755	13,793
Inventories	12	22,119	17,918
Income and mining tax receivable		6,494	-
Share consideration receivable	11	2,994	4,560
Total current assets		77,547	93,035
Restricted cash	13	1,176	657
Deferred financing costs	20	1,411	758
Mining properties, plant and equipment	14	525,860	212,394
Mines under development	16	-	214,089
Exploration properties	17	1,139	1,139
Marketable securities		960	1,860
Share consideration receivable	11	2,576	10,729
Investment in associate	18	8,458	19,058
Total assets		\$ 619,127	\$ 553,719
Liabilities			
Current			
Payables and accruals	19	\$ 54,734	\$ 40,093
Borrowings	20	54,697	-
Income and mining tax payable		-	5,490
Current portion of lease liabilities	21	6,160	7,789
Total current liabilities		115,591	53,372
Lease liabilities	21	3,126	6,786
Deferred income and mining tax liabilities	25	82,950	77,195
Decommissioning provisions	22	18,941	21,191
Total liabilities		220,608	158,544
Equity			
Equity attributable to owners of the Company			
Capital stock	23	205,361	187,911
Contributed surplus		7,359	5,859
Retained earnings		186,939	201,645
Accumulated other comprehensive loss		(1,140)	(240)
Total equity attributable to owners of the Company		398,519	395,175
Total liabilities and equity		\$ 619,127	\$ 553,719

Commitments (Note 33)

On behalf of the Board:

/s/ Warwick Morley-Jepson
Director

/s/ Charles Main
Director



Wesdome Gold Mines Ltd.

See accompanying notes to the financial statements.

Wesdome Gold Mines Ltd.

Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in thousands of Canadian dollars except for per share amounts)

	Notes	Years Ended December 31,	
		2022	2021
Revenues	27	\$ 265,483	\$ 262,907
Cost of sales	28	<u>(214,371)</u>	<u>(145,619)</u>
Gross profit		<u>51,112</u>	<u>117,288</u>
Other expenses			
Corporate and general		11,823	10,614
Stock-based compensation	24	3,311	2,604
Exploration and evaluation		14,369	471
Reversal of impairment charges	15	-	(58,563)
Impairment charge on exploration properties	17	-	7,507
Loss (gain) on disposal of mining equipment	14,16	<u>303</u>	<u>(3)</u>
Total other expenses (income)		<u>29,806</u>	<u>(37,370)</u>
Operating income		21,306	154,658
Gain on sale of Moss Lake exploration properties	8	-	34,330
Impairment of investment in associate	18	(11,800)	-
Fair value adjustment on share consideration receivable	11	(6,386)	1,947
Interest expense	29	(2,446)	(1,194)
Accretion of decommissioning provisions	22	(860)	(556)
Share of loss of associate	18	(1,652)	(497)
Loss on dilution of ownership	18	(481)	-
Other expenses	29	<u>(872)</u>	<u>(363)</u>
(Loss) income before income and mining taxes		<u>(3,191)</u>	<u>188,325</u>
Income and mining tax expense			
Current	25	5,600	13,375
Deferred	25	5,915	43,662
Total income and mining tax expense		<u>11,515</u>	<u>57,037</u>
Net (loss) income		\$ (14,706)	\$ 131,288
Other comprehensive loss			
Change in fair value of marketable securities		<u>(900)</u>	<u>(240)</u>
Total comprehensive (loss) income		\$ (15,606)	\$ 131,048
(Loss) Earnings per share			
Basic	26	<u>\$ (0.10)</u>	<u>\$ 0.94</u>
Diluted	26	<u>\$ (0.10)</u>	<u>\$ 0.92</u>
Weighted average number of common shares (000s)			
Basic	26	142,391	140,195
Diluted	26	142,391	142,787



Wesdome Gold Mines Ltd.

See accompanying notes to the financial statements.

Wesdome Gold Mines Ltd. Statements of Total Equity

(Expressed in thousands of Canadian dollars)

Notes	Capital Stock	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance, December 31, 2020	\$ 179,540	\$ 6,472	\$ 70,357	\$ -	\$ 256,369
Net income for the year ended December 31, 2021	-	-	131,288	-	131,288
Other comprehensive loss	-	-	-	(240)	(240)
Exercise of options	24 5,154	-	-	-	5,154
Value attributed to options exercised	24 2,431	(2,431)	-	-	-
Value attributed to RSUs exercised	24 786	(786)	-	-	-
Stock-based compensation	24 -	2,604	-	-	2,604
Balance, December 31, 2021	\$ 187,911	\$ 5,859	\$ 201,645	\$ (240)	\$ 395,175
Net loss for the year ended December 31, 2022	\$ -	\$ -	\$ (14,706)	\$ -	\$ (14,706)
Other comprehensive loss	-	-	-	(900)	(900)
At-the-Market offering:					
Common shares issued for cash	23 13,080	-	-	-	13,080
Agents' fees and issuance costs	23 (472)	-	-	-	(472)
Exercise of options	24 3,031	-	-	-	3,031
Value attributed to options exercised	24 1,173	(1,173)	-	-	-
Value attributed to RSUs exercised	24 638	(638)	-	-	-
Stock-based compensation	24 -	3,311	-	-	3,311
Balance, December 31, 2022	<u>\$ 205,361</u>	<u>\$ 7,359</u>	<u>\$ 186,939</u>	<u>\$ (1,140)</u>	<u>\$ 398,519</u>



Wesdome Gold Mines Ltd.

See accompanying notes to the financial statements.

Wesdome Gold Mines Ltd.

Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	Notes	Years ended December 31,	
		2022	2021
Operating Activities			
Net (loss) income		\$ (14,706)	\$ 131,288
Depreciation and depletion	28	44,562	28,066
Stock-based compensation	24	3,311	2,604
Accretion of decommissioning provisions	22	860	556
Deferred income and mining tax expense	25	5,915	43,662
Amortization of deferred financing cost	29	401	412
Interest expense	29	2,446	1,194
Reversal of impairment charges	15	-	(58,563)
Gain on sale of Moss Lake exploration properties	8	-	(34,330)
Impairment charge on exploration properties	17	-	7,507
Loss (gain) on disposal of mining equipment	14,16	303	(3)
Impairment of investment in associate	18	11,800	-
Fair value adjustment on share consideration receivable	11	6,386	(1,947)
Share of loss of associate	18	1,652	497
Loss on dilution of ownership	18	481	-
Foreign exchange loss (gain) on borrowings	20	451	(23)
Net changes in non-cash working capital	32	18,928	21,403
Mining and income tax paid		<u>(17,584)</u>	<u>(11,365)</u>
Net cash from operating activities		<u>65,206</u>	<u>130,958</u>
Financing Activities			
Proceeds from At-the-Market offering	23	13,080	-
Agents' fees and issuance costs	23	(632)	-
Proceeds from revolving credit facility	20	69,163	-
Repayment of revolving credit facility	20	(14,810)	-
Repayment of lease liabilities	21	(8,898)	(8,778)
Exercise of options	24	3,031	5,154
Deferred financing costs	20	(1,053)	(342)
Interest paid	29	(2,446)	(1,194)
Net cash from (used in) financing activities		<u>57,435</u>	<u>(5,160)</u>
Investing Activities			
Additions to mining properties	14	(45,328)	(42,867)
Additions to mines under development	16	(100,635)	(76,337)
Additions to exploration properties	17	-	(23,267)
Purchase of exploration property	17	-	(1,000)
Cash proceeds on sale of Moss Lake, net of transaction costs	8	-	11,762
Investment in marketable securities		-	(2,100)
Funds held against standby letter of credit	13	(519)	-
Proceeds on disposal of mining equipment	14	262	73
Net changes in non-cash working capital	32	-	1,222
Net cash used in investing activities		<u>(146,220)</u>	<u>(132,514)</u>
Decrease in cash and cash equivalents		(23,579)	(6,716)
Cash and cash equivalents - beginning of year		56,764	63,480
Cash and cash equivalents - end of year		<u>\$ 33,185</u>	<u>\$ 56,764</u>
Cash and cash equivalents consist of:			
Cash		\$ 33,185	\$ 56,764
Term deposits		-	-
		<u>\$ 33,185</u>	<u>\$ 56,764</u>



Wesdome Gold Mines Ltd.

See accompanying notes to the financial statements.

Wesdome Gold Mines Ltd.
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

(Tabular currency amounts expressed in thousands of Canadian dollars except for per share amounts)

1. DESCRIPTION OF BUSINESS

Wesdome Gold Mines Ltd. (“Wesdome” or the “Company”) is a Canadian focused company with two producing underground gold mines. The Company is a gold producer with one mine in Ontario and one mine in Québec. The Eagle River Complex is located in Wawa, Ontario. The Kiena Complex is located in Val-d’Or, Québec and a restart of operations was announced on May 26, 2021. The Company has completed a pre-feasibility study in support of the production restart decision and in Q4 2022, the Company declared commercial production at the Kiena Mine. Wesdome has an exploration program both underground and on surface within the mine area and more regionally at both the Eagle River and Kiena Complex. The Company also retains exposure to the Moss Lake gold deposit, located in Ontario through its equity position in Goldshore Resources Inc. (“Goldshore”). The Company trades on the Toronto Stock Exchange under the symbol “WDO” with a secondary listing on the OTCQX under the symbol “WDOFF”. The registered and principal office of the Company is located at 220 Bay Street, Suite 1200, Toronto, Ontario, M5J 2W4.

The health and safety of employees, contractors, vendors, and consultants is the Company’s top priority. In response to the COVID-19 outbreak, Wesdome has adopted public health guidelines regarding safety measures and protocols at its mine operations and corporate office. In addition, the Company continues to monitor developments and implement policies and programs intended to protect those who are engaged in business with the Company.

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

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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

These financial statements were authorized for issuance by the Board of Directors of the Company on February 22, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

The Company’s primary product is gold; other metals produced as part of the extraction process are considered to be by-products arising from production of gold. Revenue relating to the sale of metals is recognized when control of the metal is transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for those products. In determining whether the Company has satisfied the performance obligation, it considers the indicators of the transfer of control, which include, but are not limited to, whether the Company has a present right of payment; the customer has legal title to the asset; the Company has transferred physical possession of the asset to the customer; and the customer has the significant risks and rewards of ownership of the products.



Wesdome Gold Mines Ltd.

During the process of preparing an item of mineral property, plant equipment available for its intended use, the Company may produce and sell items, such as minerals extracted in the process of constructing the mine. The proceeds from the sale of these items are included in profit or loss in accordance with the amendment to IAS 16 regarding proceeds before intended use.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid investments with maturities of less than three months.

(c) Inventories

Inventories consisting of gold bullion, gold in process and ore stockpiles are recorded at the lower of production costs on a weighted average basis and net realizable value (“NRV”). Production costs include costs related to mining, crushing, and mill processing, as well as applicable overhead and depletion.

Ore stockpiles consist of coarse ore that has been extracted from the mine and is available for further processing. Costs are added to stockpiles based on the current mining cost per tonne and removed at an average cost per tonne.

Supplies are valued at the lower of average cost and replacement cost, which approximates NRV.

(d) Mining Properties, Plant and Equipment

(i) Cost and valuation

Mining properties, plant and equipment are carried at cost less accumulated depletion and any impairment in value. When an asset is disposed of, it is derecognized and the difference between its carrying value and net sales proceeds is recognized as a gain or loss in net income.

(ii) Mining properties, plant and equipment

Mining properties, plant and equipment include expenditures incurred on properties under development, payments related to the acquisition of land and mineral rights and property, plant and equipment which are recorded at cost on initial acquisition. Cost includes the purchase price and the directly attributable costs of acquisition or construction required to bring an asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management.

Mine development costs incurred to expand operating capacity, develop new ore bodies or develop mine areas in advance of current production are capitalized. Mine development costs related to current period production are allocated to inventory as appropriate.

(iii) Depletion and depreciation

Mine development costs, property, and other mining assets whose estimated useful life is the same as the remaining life of the mine are depleted over the mine’s estimated life using the units-of-production method (“UOP”) calculated based on proven and probable reserves. Equipment and other non-mining assets are depreciated on a straight-line basis over their estimated useful lives, or the remaining life of the mine if shorter, to their residual values:

Vehicles	1 to 5 years
Mobile mining fleet	1 to 5 years
Machinery and equipment	1 to 6 years
Buildings and bunkhouses	10 years
Furniture and fixtures	5 years

Where components of an item of property, plant and equipment have a different useful life and cost that is significant to the total cost of the item, depreciation and depletion is calculated on each separate component.

Depreciation and depletion methods, useful lives and residual values are reviewed at a minimum at the end of each year.

(iv) Subsequent costs

Repairs and maintenance costs are expensed as incurred. However, expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditures will extend the productive capacity or useful life of an asset. Any remaining costs of previous overhauls relating to the same asset are derecognized. All other expenditures are expensed as incurred.

(e) Mines Under Development

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

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

(f) Leased Assets

When the economic ownership of a leased asset is transferred to the lessee, the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognized at the inception of the lease at the lower of the present value of minimum lease payments and the fair value of the leased asset and a corresponding amount is recognized as a finance lease liability.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Company. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest portion of lease payments is charged to profit or loss over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

(g) Exploration and Evaluation Costs

Exploration expenditures reflect the costs related to the initial search for mineral deposits with economic potential or obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with sampling, mapping, diamond drilling and other work involved in searching for ore.

Evaluation expenditures reflect costs incurred at exploration projects related to establishing the technical and commercial viability of developing mineral deposits identified through exploration or asset acquisition.

Evaluation expenditures include the cost of:

- (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve,
- (ii) determining the optimal methods of extraction and metallurgical and treatment processes,
- (iii) studies related to surveying, transportation and infrastructure requirements,
- (iv) permitting activities, and
- (v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

All expenditures relating to exploration and evaluation activities are expensed until technical feasibility and commercial viability have been determined by the Company. Costs incurred after determining that a project is technically feasible and commercially viable are capitalized as incurred under exploration properties until such time as the Company expects that mineral resources will be converted to mineral reserves within a reasonable period and mine development commences. Thereafter, accumulated exploration and evaluation costs for the



project are tested for impairment and are reclassified to mines under development. Exploration and evaluation costs of abandoned properties are expensed in the period in which the project is abandoned.

(h) Impairment of Non-Financial Assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units (“CGUs”). The Company’s CGUs are its individual operating mine sites and exploration properties. At the end of each reporting period, the Company reviews and evaluates its mining and exploration properties either individually or at the CGU level to determine whether the carrying amount of the asset exceeds their recoverable amount. If any such indication exists, the excess is fully provided for, in the financial period of determination.

The recoverable amount of a mine site or exploration property is the greater of its fair value less costs of disposal (“FVLCD”) and its value-in-use (“VIU”). The FVLCD is estimated as the recoverable amount resulting from the sale of an asset or CGU, less the costs of disposal. The VIU is estimated as the discounted future pre-tax cash flows expected to be derived from a mine site or exploration property. If the recoverable amount of a mine site is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognized as operating expenses in the period they are incurred. When an impairment loss reverses in a subsequent period, the carrying amount of the related asset is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset previously. Reversals of impairment losses are recognized in profit or loss in the period the reversals occur.

(i) Income and Mining Taxes

Income and mining taxes are calculated using the liability method where current income and mining taxes are recognized as an expense for the estimated income or mining taxes payable for the current period.

Deferred income and mining tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward, to the extent that it is probable that deductions, credits and tax losses can be utilized, and are measured using the enacted or substantively enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. Deferred income and mining taxes relating to the initial recognition of an asset or liability are not recognized in transactions that, at the time of transactions, neither affect the accounting nor taxable income, or are the result of a business acquisition. The deferred tax relating to items recorded in other comprehensive income is linked to these items for reporting purposes.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off deferred tax assets and liabilities from the same taxation authority.

(j) Investment in associate

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

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

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



These financial statements include the following associate:

<u>Associate name</u>	<u>Location</u>	<u>Ownership interest</u>	<u>Accounting method</u>	<u>Mining projects owned</u>
Goldshore Resources Inc.	Canada	23%	Equity method	Moss Lake

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

(k) Equity and Reserves

Capital stock represents the consideration received for shares that have been issued, net of related issuance costs.

Contributed surplus includes the value of share-based payments, net of the value of expired and exercised grants.

Retained earnings represents accumulated retained earnings from all current and prior periods. Amounts related to expired stock options are reclassified from contributed surplus to retained earnings upon expiry of the stock options.

Accumulated other comprehensive loss includes the unrealized gains and losses of available-for-sale financial assets.

(l) Employee Benefits

(i) Salaries and short-term employee benefits

Salaries and short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Pension plan

The Company has a defined contribution plan under which the Company pays fixed contributions through a separate entity. Under this plan, the Company will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when due.

(m) Provisions

(i) General

Provisions are recognized when present obligations, as a result of a past event, is expected to result in an outflow of economic resources from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognized for future operating losses.

Provisions are based on the most reliable information available at the reporting date, including the risks and uncertainties associated with the current best estimate.

(ii) Decommissioning provisions

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company has made, and will continue to make expenditures to comply with such laws and regulations. Decommissioning costs expected to be incurred in the future are estimated by the Company's management based on the information available to them.

The Company's estimates are reviewed each reporting period for changes in regulatory requirements, discount rates, and changes in estimates to the timing and amounts of cash flows. Management considers the Bank of Canada bond rate related to the life of mine when determining the discount rate. The rate is subsequently adjusted for risk to allow for the indeterminate nature of the mine life.



Estimated decommissioning costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, based on the net present value of estimated future costs with an offsetting amount being recognized as an increase in the carrying amount of the corresponding mining asset. This asset is amortized on a UOP basis over the estimated life of the mine while the corresponding provisions accrete to its undiscounted value by the end of the mine's life.

(n) Financial Instrument Classification and Measurement

Financial instruments are measured on initial recognition at fair value, and, in the case of financial instruments other than those classified as "fair value through profit and loss" ("FVTPL"), directly attributable transaction costs.

(i) Recognition and measurement

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as FVTPL. The directly attributable transactions costs of financial assets and liabilities as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

(ii) Classification of financial assets

Amortized cost:

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of financial assets is the amount at which the financial asset is measured at initial recognition minus the principal payments, plus the cumulative amortization using effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The Company's financial assets measured at amortized costs primarily include cash and cash equivalents and other receivables included in current assets.

Fair value through other comprehensive income:

The Company classifies its marketable securities as available-for-sale financial assets and are initially recorded at fair value at the date of purchase plus directly attributable transaction costs. Marketable securities are subsequently measured at their fair value based on the quoted market prices with unrealized gains or losses reported as other comprehensive income or loss.

Fair value through profit and loss:

The Company's share consideration receivable is measured at FVTPL. This may create future fluctuations in the Company's net income and total comprehensive income.

(iii) Classification of financial liabilities

Financial liabilities are measured at amortized cost using effective interest method.

Interest-bearing borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any difference

between cost and redemption value is recognised in the income statement over the entire period of the borrowings on an effective interest basis.

Interest-bearing borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months from the balance sheets date.

(iv) Impairment

The Company recognizes loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

(o) Stock-based Compensation

The Company's omnibus equity incentive plan (the "2020 Omnibus Plan") is designed to advance the interests of the Company by encouraging employees, officers and directors to have equity participation in the Company through the acquisition of common shares. The types of awards available under the 2020 Omnibus Plan include options, restricted share units ("RSUs"), performance share units ("PSUs"), deferred share units ("DSUs") and dividend-equivalent rights ("DERs") (collectively, "Awards"). The 2020 Omnibus Plan was established in June 2020 to replace the equity settled common share purchase plan (the "2017 Omnibus Plan"), which was in existence since May 2017.

(i) Stock options

Stock options granted vest over a period of three years. Stock options have an exercise price of no less than the closing price of the common shares on the Toronto Stock Exchange on the trading day immediately preceding the date on which the options are granted and are exercisable for a period not to exceed five years. The cost of these stock options is measured using the estimated fair value at the date of the grant determined using the Black-Scholes option pricing model.

The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. Annually, the estimated forfeiture rate is adjusted for actual forfeitures in the period.

Expected volatility is estimated with reference to the historical volatility of the share price of the Company. The costs are recognized over the vesting period of the option. The total amount recognized as share-based compensation expense is adjusted to reflect the number of options expected to vest at each reporting date. The corresponding credit for these costs is recognized in contributed surplus.

(ii) RSUs and PSUs

The RSUs and PSUs are awarded to executives and are measured at fair value, which is determined based on the closing stock price of the Company at the grant date. The fair value of the estimated number of RSUs and PSUs awarded, that are expected to vest is recognized as share-based compensation expense over the vesting period of the RSUs and PSUs with a corresponding amount recorded in contributed surplus until the respective shares are issued in settlement of the RSUs and PSUs. The total amount recognized as an expense is adjusted to reflect the number of PSUs expected to vest at each reporting date. The corresponding credit for these costs is recognized in contributed surplus.

(iii) DSUs

DSUs awarded to non-executive directors will be settled in equity and are measured at the fair value which is determined based on the closing stock price of the Company at the grant date. The total amount is recognized as an expense at the grant date with the corresponding credit recognized in contributed surplus.

(p) Operating Segments

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

The Company operates in one industry segment, the gold mining and related activities industry including exploration, extraction, processing and decommissioning. All of the Company’s operations are located within one geographical area.

(q) Earnings (loss) per Share

Basic earnings (loss) per share (“Basic EPS”) is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share (“Diluted EPS”) is calculated using the treasury method of calculating the weighted average number of common shares outstanding. The treasury method assumes that outstanding stock options with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average price of the common shares for the period.

(r) Foreign Currency Translation

The financial statements are presented in Canadian dollars, which is also the functional currency of the Company and all subsidiaries.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items using year-end exchange rates are recognized in the income statement.

Non-monetary items, if any, measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

(s) Comparative Figures

Certain figures for the year ended and as at December 31, 2021 have been reclassified to be consistent with the current year’s presentation.

4. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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 costs

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 and development, 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

Wesdome Gold Mines Ltd.



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 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 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.

5. AMALGAMATION

On January 1, 2022, Wesdome Gold Mines Ltd. completed a vertical short form amalgamation with its 100% owned subsidiaries, Moss Lake Gold Mines Ltd. ("Moss Lake") and 1000059351 Ontario Inc. (formerly 0976408 B.C. Ltd.) ("Windarra"), related parties under the Business Corporation Act, Ontario and continued operations under the name Wesdome Gold Mines Ltd. with an authorized share capital as disclosed in Note 23. Shares in the predecessor corporations were cancelled.

Since the entities were under common control and were previously, the financial statements of the amalgamated entity present the combined assets, liabilities, equity and operations from the predecessor companies Wesdome, Windarra and Moss Lake, as if they have been combined since the inception/acquisition of each company. Intercompany balances and transactions have been eliminated.



6. 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.

7. 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.

8. SALE OF MOSS LAKE EXPLORATION PROPERTIES

On May 31, 2021, Wesdome closed the sale of the Moss Lake Project (the “Project”) located in Ontario, Canada (the “Transaction”) with Goldshore. Goldshore acquired all of Wesdome’s property, assets and rights related to Moss Lake and holds a 100% interest in Moss Lake. An after-tax gain on disposal of \$30,210,000 was recognized during the year ended December 31, 2021.

Under the terms of the Agreement, Wesdome will receive initial aggregate total consideration of \$57,100,000, which assumes the exercise of the royalty buyback, comprised of the following:

- \$12,500,000 in cash upon closing (received);
- 30,085,000 Goldshore common shares having an initial aggregate value of \$19,600,000 (received) based on the closing bid price of Goldshore shares on May 31, 2021 and representing 30% of the issued and outstanding common shares of Goldshore following completion of the Transaction on a non-diluted basis;
- \$20,000,000 in shares of Goldshore in the form of milestone payments consisting of:
 - Within 12 months from the closing date, such number of shares as is equal to \$5,000,000 divided by the greater of \$0.60 and the VWAP of Goldshore shares for twenty trading days prior to the date of issuance (received);
 - such number of shares as is equal to \$7,500,000 divided by the greater of \$0.60 and the VWAP of Goldshore shares for twenty trading days prior to the date of issuance upon the earlier of (i) Goldshore completing an updated PEA or pre-feasibility study; and (ii) 30 months from closing;
 - such number of shares as is equal to \$7,500,000 divided by the greater of \$0.60 and the VWAP of Goldshore shares for twenty trading days prior to the date of issuance upon the earlier of (i) Goldshore completing a feasibility study, (ii) the date on which Goldshore makes a development decision on Moss Lake; and (iii) 48 months from closing;
- The grant to Wesdome of a 1.00% net smelter return royalty on all metal production from Moss Lake. Goldshore shall have the right to repurchase the net smelter return royalty for:
 - Within 30 months of closing, \$3,000,000 in cash and such number of shares as is equal to \$2,000,000 divided by the greater of \$0.60 and the VWAP of Goldshore shares for fifteen trading days prior to the date of issuance;
 - Between 30 – 48 months from closing, \$5,500,000 in cash and such number of shares as is equal to \$2,000,000 divided by the greater of \$0.60 and the VWAP of Goldshore shares for fifteen trading days prior to the date of issuance.

The royalty buyback rights shall expire if not exercised within 48 months of closing.

Refer to Note 11 for details on the accounting of the consideration to be received. The following table details the gain on sale of the Moss Lake exploration properties.



<u>Details of gain on sale of Moss Lake transaction</u>	<u>May 31, 2021</u>
Carrying value of Moss Lake exploration properties	\$ 10,329
Cash received	12,500
Value of Goldshore shares received	19,555
Share consideration receivable	13,342
Expenses incurred during transaction	(738)
	<hr/>
Before tax gain on sale of Moss Lake exploration properties	\$ 34,330

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

The Company has recorded the investment in Goldshore using the equity method (Note 18).

9. SEGMENT INFORMATION

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

	Year Ended December 31, 2022			
	Eagle River Complex	Kiena Complex	Corporate and other	Total
Revenues	\$ 186,730	\$ 78,753	\$ -	\$ 265,483
Cost of sales excluding depreciation and depletion	(107,668)	(62,141)	-	(169,809)
Gross profit excluding depreciation and depletion	79,062	16,612	-	95,674
Depreciation and depletion	(36,659)	(7,637)	(266)	(44,562)
Impairment of investment in associate	-	-	(11,800)	(11,800)
Other	(538)	(619)	(41,346)	(42,503)
Segment income (loss) before taxes	\$ 41,865	\$ 8,356	\$ (53,412)	\$ (3,191)
Income and mining tax expense				(11,515)
Net loss				(14,706)
Change in fair value of marketable securities				(900)
Total comprehensive loss				\$ (15,606)

	As at December 31, 2022			
	Eagle River Complex	Kiena Complex	Corporate and other	Total
Total assets	\$ 190,672	\$ 388,683	\$ 39,772	\$ 619,127
Total liabilities	\$ 33,878	\$ 36,403	\$ 150,327	\$ 220,608



	Year ended December 31, 2021			Total
	Eagle River Complex	Kiena Complex	Corporate and other	
Revenues	\$ 226,287	\$ 36,620	\$ -	\$ 262,907
Cost of sales excluding depreciation and depletion	(98,565)	(18,988)	-	(117,553)
Gross profit excluding depreciation and depletion	127,722	17,632	-	145,354
Depreciation and depletion	(27,193)	(653)	(220)	(28,066)
Impairment reversal	-	58,563	-	58,563
Gain on sale of exploration property	-	-	34,330	34,330
Other	(439)	(114)	(21,303)	(21,856)
Segment income before taxes	\$ 100,090	\$ 75,428	\$ 12,807	\$ 188,325
Income and mining tax expense			(57,037)	(57,037)
Net income				131,288
Change in fair value of marketable securities				(240)
Total comprehensive income				\$ 131,048

	As at December 31, 2021			Total
	Eagle River Complex	Kiena Complex	Corporate and other	
Total assets	\$ 187,976	\$ 292,761	\$ 72,982	\$ 553,719
Total liabilities	\$ 29,692	\$ 27,407	\$ 101,445	\$ 158,544

10. RECEIVABLES AND PREPAIDS

	December 31, 2022	December 31, 2021
Sales tax receivable	\$ 7,324	\$ 5,802
Vendor deposits	4,396	1,778
Prepayments to vendors	-	4,146
Receivables and other	1,035	2,067
	\$ 12,755	\$ 13,793

11. SHARE CONSIDERATION RECEIVABLE

The Company has recorded the share consideration receivable from Goldshore under the terms disclosed in Note 8. The following table summarizes the change in the carrying amount of the Company's share consideration receivable.



	December 31, 2022	December 31, 2021
Balance, beginning of year	\$ 15,289	\$ -
Share consideration receivable recognized during the year	-	13,342
Milestone shares received	(3,333)	-
Fair value adjustment	(6,386)	1,947
Balance, end of year	5,570	15,289
Less: Current portion	2,994	4,560
Long-term portion	\$ 2,576	\$ 10,729

To measure the share consideration receivable, each milestone payment is measured using the Monte Carlo simulation method. Management assumed that the payments would be made at 11 months and 29 months from the financial statement date for the respective milestones. The Company's share consideration receivable is measured at FVTPL. See Note 33 for details regarding the calculation of the Company's share consideration receivable.

12. INVENTORIES

	Notes	December 31, 2022	December 31, 2021
Gold in process	12(i), (ii)	\$ 15,275	\$ 11,656
Supplies		5,701	4,250
Ore stockpiles	12(iii)	1,143	2,012
		\$ 22,119	\$ 17,918

- (i) Gold in process inventory consists of both gold doré and gold in process that are awaiting the completion of the final refining process into saleable gold, expected within one month of the financial statement date.
- (ii) As at December 31, 2022, gold in process inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$11,942,000, \$15,000 and \$3,318,000, respectively. As at December 31, 2021, gold in process inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$7,008,000, \$61,000 and \$4,587,000, respectively.
- (iii) As at December 31, 2022, ore stockpile inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$720,000, \$227,000 and \$196,000 respectively. As at December 31, 2021, ore stockpile inventory includes Eagle, Mishi and Kiena inventory carried at cost of \$487,000, \$1,467,000 and \$58,000 respectively.

During the year ended December 31, 2022, a charge of \$561,000 (2021: \$Nil) was recorded within cost of sales to reduce the carrying value of supplies inventories to their net realizable value.

The amount of inventory recognized as an expense for the year ended December 31, 2022 is \$167,052,000 (2021: \$116,078,000) and is included in cost of sales (Note 28).

13. RESTRICTED CASH

	December 31, 2022	December 31, 2021
Cash deposit related to a mine closure plan (Note 22)	\$ 27	\$ 27
Cash pledged to a bank related to letters of credit	1,149	630
	\$ 1,176	\$ 657



14. MINING PROPERTIES, PLANT AND EQUIPMENT

	Company Owned Assets								Right-of-use Assets					
	Mining properties			Plant & equipment					Plant & equipment					
	Eagle River Complex	Kiena Complex	Sub-total	Eagle River Complex	Kiena Complex	Corporate	Sub-total	Total	Eagle River Complex	Kiena Complex	Corporate	Total	Grand total	
Gross Carrying Amount														
Balance, December 31, 2020	\$ 202,082	\$ 35,201	\$ 237,283	\$ 26,989	\$ 1,048	\$ 111	\$ 28,148	\$ 265,431	\$ 17,699	\$ 71	\$ 787	\$ 18,557	\$ 283,988	
Additions	29,522	-	29,522	11,817	-	-	11,817	41,339	11,597	-	-	11,597	52,936	
Transfer from exploration properties	982	-	982	-	-	40	40	1,022	-	-	-	-	1,022	
Transfer	(29,213)	(2,218)	(31,431)	29,213	2,218	-	31,431	-	-	-	-	-	-	
Write-down of equipment	-	-	-	(711)	-	-	(711)	(711)	-	-	-	-	(711)	
Reversal of impairment charges	-	56,292	56,292	-	2,271	-	2,271	58,563	-	-	-	-	58,563	
Balance, December 31, 2021	\$ 203,373	\$ 89,275	\$ 292,648	\$ 67,308	\$ 5,537	\$ 151	\$ 72,996	\$ 365,644	\$ 29,296	\$ 71	\$ 787	\$ 30,154	\$ 395,798	
Additions	19,299	2,556	21,855	15,876	5,668	-	21,544	43,399	2,071	589	-	2,660	46,059	
Transfer from mines under development	-	179,661	179,661	-	132,775	-	132,775	312,436	-	1,411	-	1,411	313,847	
Transfer	-	251	251	-	(251)	-	(251)	-	-	-	-	-	-	
Disposals	-	-	-	(181)	(51)	-	(232)	(232)	(304)	-	-	(304)	(536)	
Balance, December 31, 2022	\$ 222,672	\$ 271,743	\$ 494,415	\$ 83,003	\$ 143,678	\$ 151	\$ 226,832	\$ 721,247	\$ 31,063	\$ 2,071	\$ 787	\$ 33,921	\$ 755,168	
Accumulated Depletion and write-downs														
Balance, December 31, 2020	\$ 97,313	\$ 35,201	\$ 132,514	\$ 19,291	\$ 575	\$ 46	\$ 19,912	\$ 152,426	\$ 2,457	\$ 9	\$ 426	\$ 2,892	\$ 155,318	
Depletion	17,759	-	17,759	5,192	811	-	6,003	23,762	4,747	-	188	4,935	28,697	
Transfer	(14,126)	(2,218)	(16,344)	14,126	2,218	30	16,374	30	-	-	-	-	30	
Write-down of equipment	-	-	-	(641)	-	-	(641)	(641)	-	-	-	-	(641)	
Balance, December 31, 2021	\$ 100,946	\$ 32,983	\$ 133,929	\$ 37,968	\$ 3,604	\$ 76	\$ 41,648	\$ 175,577	\$ 7,204	\$ 9	\$ 614	\$ 7,827	\$ 183,404	
Depletion	23,891	2,418	26,309	7,475	3,423	52	10,950	37,259	6,165	80	120	6,365	43,624	
Transfer from mines under development	-	-	-	-	2,369	-	2,369	2,369	-	193	-	193	2,562	
Transfer	-	(15)	(15)	-	15	-	15	-	-	-	-	-	-	
Disposals	-	-	-	(171)	(51)	-	(222)	(222)	(60)	-	-	(60)	(282)	
Balance, December 31, 2022	\$ 124,837	\$ 35,386	\$ 160,223	\$ 45,272	\$ 9,360	\$ 128	\$ 54,760	\$ 214,983	\$ 13,309	\$ 282	\$ 734	\$ 14,325	\$ 229,308	
Net carrying amount														
December 31, 2021	\$ 102,427	\$ 56,292	\$ 158,719	\$ 29,340	\$ 1,933	\$ 75	\$ 31,348	\$ 190,067	\$ 22,092	\$ 62	\$ 173	\$ 22,327	\$ 212,394	
December 31, 2022	\$ 97,835	\$ 236,357	\$ 334,192	\$ 37,731	\$ 134,318	\$ 23	\$ 172,072	\$ 506,264	\$ 17,754	\$ 1,789	\$ 53	\$ 19,596	\$ 525,860	

(i) Eagle River Complex

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

(ii) Kiena Mine Complex

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

15. REVERSAL OF IMPAIRMENT

When Kiena was placed on care and maintenance in 2012, an impairment charge of \$60,900,000 was recorded. Subsequently, an additional impairment charge of \$5,900,000 was recorded. During the year ended December 30, 2021, the Company recorded reversals of previous impairment charges of \$56,292,000 related to mining properties and \$2,271,000 related to property, plant and equipment. The reversal of previously recorded impairment charges adjusted the assets' carrying values to the value immediately before the initial impairment.

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

16. MINES UNDER DEVELOPMENT

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

On December 1, 2022 the Company declared commercial production at the Kiena Mine. As a result, the Company reclassified the Kiena Mine from mines under development to mining properties, plant and equipment on December 1, 2022. As required, the Company performed an impairment test upon reclassification to mining properties, plant and equipment. No impairment was noted.

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

	Company Owned Assets			Right-of-use Assets	Grand total
	Mines under development	Plant & equipment	Sub-total	Plant & equipment	
Balance, December 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from exploration properties	137,531	-	137,531	-	137,531
Additions	17,383	58,812	76,195	363	76,558
Balance, December 31, 2021	\$ 154,914	\$ 58,812	\$ 213,726	\$ 363	\$ 214,089
Additions	24,747	74,707	99,454	1,411	100,865
Disposals	-	(744)	(744)	(363)	(1,107)
Depletion	-	(2,369)	(2,369)	(193)	(2,562)
Transfer to mining properties, plant and equipment	(179,661)	(130,406)	(310,067)	(1,218)	(311,285)
Balance, December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -

17. EXPLORATION PROPERTIES

	Kiena Group	Moss Lake Group	Mishi/Eagle Group	Total
Balance, December 31, 2020	\$ 114,420	\$ 10,312	\$ 8,489	\$ 133,221
Exploration expenditures	27,155	17	-	27,172
Purchase of exploration property	1,000	-	-	1,000
Impairment charge on Windarra exploration property	-	-	(3,113)	(3,113)
Impairment charge on Mishi exploration property	-	-	(4,394)	(4,394)
Gold revenue from bulk sample	(3,905)	-	-	(3,905)
Sale of Moss Lake exploration properties	-	(10,329)	-	(10,329)
Transfer to mineral properties	-	-	(982)	(982)
Transfer to mines under development	(137,531)	-	-	(137,531)
Balance, December 31, 2021	<u>\$ 1,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,139</u>
Balance, December 31, 2022	<u>\$ 1,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,139</u>

The following table summarizes the Net Smelter Royalties (“NSR”), Net Operating Profit royalty (“NOP”) and Net Profit Royalty (“NPR”) which would become payable in the event the Company operates its exploration properties.

Property Description	Location	Royalty
Kiena Complex		
Wesdome Property	Quebec	1% NSR
Shawkey South	Quebec	1% NSR
Siscoe Property	Quebec	3.5% NSR
Siscoe Extension Property	Quebec	3.5% NSR
Lamothe Property	Quebec	1% NSR
Callahan Property	Quebec	1% NSR
Yankee Clipper Property	Quebec	2% NPR
Audet Block	Quebec	2% NSR
Elmac	Quebec	2% NOP
Kiena West	Quebec	1% NSR
Maufort	Quebec	10% NPR
Rosenbaum	Quebec	2% NSR
Roy Option	Quebec	\$0.25 per tonne milled
Tarmac	Quebec	1% NSR
Eagle River Complex		
Mishi Mine and Mill Area		
Magnacon Mine/Mill	Ontario	1.5% NSR
Magnacon East	Ontario	2% NSR
IAMGOLD - 5 Staked Claims	Ontario	1% NSR
Eagle River Mine Area		
3 blocks NW of Eagle Mine	Ontario	1% NSR
2 blocks E and W of Mine	Ontario	2% NSR



18. INVESTMENT IN ASSOCIATE

Details of the Company's investment in associate as at December 31, 2022 and December 31, 2021 are as follows:

Associate name	Percentage Ownership		Carrying amount	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Goldshore Resources Inc.	23%	26%	\$ 8,458	\$ 19,058

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

	Goldshore Resources Inc.
Balance, December 31, 2020	\$ -
Initial amount recognized upon acquisition	19,555
Share of loss of associate	(497)
Balance, December 31, 2021	\$ 19,058
Share of loss of associate	(1,652)
Loss on dilution of ownership	(481)
Milestone shares received	3,333
Impairment charge	(11,800)
Balance, December 31, 2022	\$ 8,458

The Company retains exposure to the Moss Lake exploration property through a strategic equity position in Goldshore. The Company recorded an impairment charge on its investment in associate in Q2 2022. The impairment resulted from the significant and prolonged decrease in Goldshore's share price and deterioration of market conditions for exploration companies. No further impairment charges or reversal of prior period impairment charges were recorded in 2022.

The Company used the fair value less costs of disposal in calculating the recoverable amount of \$9,414,000 as at June 30, 2022. Goldshore's shares are quoted on an active market and therefore considered a Level 1 input. The Company used an estimate of \$0.02 per share as potential costs of disposal.

The fair value of the Company's ownership interest in Goldshore, based on the quoted market price as at December 31, 2022 (Level 1 in the fair value hierarchy) is \$9,412,000 (December 31, 2021 - \$19,555,000).

Goldshore became an associate of the Company on May 31, 2021. As such the Company has recognized only its share of Goldshore's loss and comprehensive loss for the period from June 1, 2021 onwards. The Company's ownership percentage was reduced from 30% in November 2021 to 23% in May 2022, resulting from changes in Goldshore's equity structure during the year. The Company's ownership percentage increased to 27% in June 2022, resulting from the receipt of milestone shares due from the original purchase transaction. 8,333,333 shares were received, which were valued at \$3,333,000 based on the market price per share at the date of receipt. The Company's ownership percentage was reduced to 23% as at December 31, 2022, resulting from changes in Goldshore's equity structure.

The assets and liabilities of Goldshore are summarized in the following table which incorporates Goldshore's most recently available financial information at the time of preparation of these financial statements, which is as at September 30, 2022.

	<u>September 30, 2022</u>
Current assets	\$ 5,954
Non-current assets	<u>76,916</u>
Total assets	<u>82,870</u>
Current liabilities	1,637
Non-current liabilities	<u>10,974</u>
Total liabilities	<u>12,611</u>
Net assets	<u>70,259</u>
Company's equity share of net assets	<u>\$ 16,160</u>
Income and comprehensive income for the 6 months ended September 30, 2022	<u>\$ (4,110)</u>

19. PAYABLES AND ACCRUALS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Trade payables and accrued liabilities	\$ 46,967	\$ 32,654
Employee related payables	6,689	6,448
Royalties payable	<u>1,078</u>	991
	<u>\$ 54,734</u>	<u>\$ 40,093</u>

20. BORROWINGS

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 \$150 million upon declaration of commercial production at Kiena. The NBF Facility also extends the term to August 25, 2025 from March 29, 2024. As at December 31, 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 December 31, 2022, CDN\$55,000,000 was owing under the NBF facility, bearing an interest rate of 7.46% per annum.

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

21. LEASE LIABILITIES

The Company leases, with options to purchase, certain mining equipment. Future minimum payments under finance leases are as follows:

	December 31, 2022	December 31, 2021
No later than one year	\$ 6,450	\$ 8,215
Later than one year and no later than three years	3,230	7,036
Total minimum lease payments	9,680	15,251
Less: Interest portion at the weighted average interest rate of 4.24% (2021: 4.64%)	394	676
Total lease liabilities, secured by equipment	9,286	14,575
Less: current portion	6,160	7,789
Long-term portion	\$ 3,126	\$ 6,786

Lease Facilities

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

22. DECOMMISSIONING PROVISIONS

The Company is committed to a program of environmental management and protection at its mines, development projects and exploration sites, in compliance with federal and provincial laws and regulations. Filed Closure Plans are in place at both Eagle River Complex and Kiena Complex, these plans are updated and amended as required by the relevant regulatory bodies when material changes are contemplated. Activities at Eagle River Complex are covered under four Closure Plans: Eagle River Mill, Eagle River Mine, Mishi Pit and Magnacon, though the Mishi Pit and Magnacon Closure Plans are currently being consolidated. There is one Closure Plan for the entirety of the Kiena Complex.

The Company has recorded the decommissioning costs at its active and dormant mine sites on the basis of management’s best estimates of future costs to settle the obligations on the closing date, based on information available on the reporting date. Although the ultimate amount of decommissioning costs is uncertain, the Company estimated its future decommissioning costs for the Eagle River Complex to be \$16,754,000 and the Kiena Mine Complex to be \$8,698,000. The estimated costs have been discounted over a period of five to eight years using discount rates between 5.23% and 5.37% as at December 31, 2022. The Company has provided in aggregate \$16,567,000 in financial assurances for these future environmental obligations.

The Closure Plans for Eagle River Complex were amended and submitted in 2019 to the Ontario Ministry of Northern Development, Mines, Natural Resources & Forestry (“NDMNR”). An additional Closure Plan amendment for the Eagle River Mill was submitted in 2021 and was approved that same year. The Closure Plan amendment for the Eagle River Mine submitted in 2019 is still under review, and in December 2021, the Company submitted an updated draft of the consolidated Mishi Pit/Magnacon Plan for review, replacing the previous (2019) amendment. The Company has obtained financial commitment from the financial institution to amend the surety bonds for the anticipated increases in financial assurance to be provided to the government for the estimate of the financial assurance requirements.

In support of the restart decision of operations, the Company submitted an updated closure plan to the Ministère de l’Énergie et des Ressources Naturelles (“MERN”) for the Kiena Complex in Q2 2021. The plan is currently under review by MERN and is expected to be filed in 2023.

a) Change in decommissioning provisions

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

	Eagle River Complex	Kiena Complex	December 31, 2022	December 31, 2021
Balance, beginning of the year	\$ 14,157	\$ 7,034	\$ 21,191	\$ 22,270
Accretion expense for the year	582	278	860	556
Changes in estimates	(1,884)	(1,226)	(3,110)	(1,635)
	<u>\$ 12,855</u>	<u>\$ 6,086</u>	<u>\$ 18,941</u>	<u>\$ 21,191</u>

As at December 31, 2021, the decommissioning provision was decreased by \$1,635,000, with the corresponding decrease in mining assets, resulting primarily from a decrease in the estimated closure costs for the Eagle River complex, and an increase in discount rates approximating 2.4% in December 2020 to 3.3% in December 2021. As at December 31, 2022, the decommissioning provision has been decreased by \$3,110,000 for changes in estimates, with the corresponding decrease in mining assets, resulting primarily from an increase in discount rates approximating 3.3% in December 2021 to 5.4% in the current year.

b) Reclamation bond

The Company has an agreement with a financial institution whereby the financial institution has issued unsecured surety bonds to the extent of \$9,540,000 to satisfy the Company's financial assurance requirements for the Eagle River Complex, and \$7,027,000 to satisfy the Kiena Complex requirements. As at December 31, 2022, the total reclamation bonds issued to government environmental agencies amounted to \$16,567,000 (December 31, 2021 - \$16,567,000).

23. CAPITAL STOCK

Authorized:

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

	Notes	Shares	Amount
Issued:			
Balance, December 31, 2020		139,312,285	\$ 179,540
Exercise of options	24	2,101,218	7,585
Exercise of RSUs	24	220,043	786
Balance December 31, 2021		141,633,546	187,911
Exercise of options	24	753,697	4,204
Exercise of RSUs	24	99,283	638
At-the-Market offering - common shares net of costs ⁽¹⁾		1,593,900	12,608
Balance December 31, 2022		144,080,426	\$ 205,361

⁽¹⁾ At-the-Market Offering:

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

Pursuant to the ATM Program, the Company may distribute up to \$100,000,000 worth of its common shares (the "ATM Shares"). The ATM Shares sold under the ATM Program will be sold at the prevailing market price on the TSX or the OTCQX, as applicable, at the time of sale. Unless earlier terminated by the Company or the agents as permitted therein, the ATM Program will terminate upon the earlier of:

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

During the year ended December 31, 2022, the Company issued 1,593,900 common shares under the ATM Program for gross proceeds of \$13,080,000 (2021 - \$Nil) with aggregate costs of \$472,000 (2021 - \$Nil), net of deferred taxes of \$160,000 (2021 - \$Nil).

24. STOCK-BASED COMPENSATION

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

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

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

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

Under the 2020 Omnibus Plan, the maximum number of common shares issuable from treasury pursuant to awards shall not exceed 11,695,556.

As at December 31, 2022, awards to purchase 5,052,859 common shares of Wesdome were available for grant under the equity incentive plans.

The following table reflects the continuity of options granted for the years ended December 31, 2022 and 2021.

	Years ended December 31,			
	2022		2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of year	1,960,548	5.22	3,757,621	3.40
Granted	396,640	15.78	379,934	8.50
Exercised	(753,697)	4.02	(2,101,218)	2.45
Forfeited	(110,981)	8.45	(75,789)	8.05
Outstanding, end of year	1,492,510	8.39	1,960,548	5.22

On March 15, 2022, the Company granted 371,472 stock options (March 26, 2021 – 379,934) to its employees and officers, under its 2020 Omnibus Plan. On June 23, 2022, the Company granted 25,168

stock options to one of its officers, under its 2020 Omnibus Plan. All grants of stock options vest equally over three years, with the first tranche vesting on the first anniversary date of the issue.

The weighted average share price at the date of exercise for stock options exercised during the years ended December 31, 2022 and 2021 was \$14.54 and \$12.16, respectively.

The following table outlines share options outstanding at December 31, 2022:

Range of exercise prices	Outstanding Options			Exercisable Options	
	Number outstanding	Weighted average remaining life (years)	Weighted average exercise price \$	Number outstanding	Weighted average exercise price \$
1.96 - 5.27	346,609	0.23	1.96	346,609	1.96
5.28 - 8.49	243,807	1.16	5.28	243,807	5.28
8.50 - 13.83	544,769	2.86	8.90	216,193	8.76
13.84 - 15.98	357,325	4.21	15.98	-	-
	<u>1,492,510</u>	2.29	8.39	<u>806,609</u>	4.79

The following table reflects the continuity of RSUs granted for years ended December 31, 2022 and 2021.

	Years ended December 31,			
	2022		2021	
	Number of RSUs	Weighted average grant date fair value \$	Number of RSUs	Weighted average grant date fair value \$
Outstanding, beginning of year	206,020	-	343,210	-
Granted	46,363	-	82,853	-
Exercised	(99,283)	6.40	(220,043)	3.56
Forfeited	(37,412)	-	-	-
Outstanding, end of year	<u>115,688</u>	-	<u>206,020</u>	-

On March 15, 2022, the Company granted 46,363 RSUs (March 26, 2021 – 82,853) to its employees and officers, under its 2020 Omnibus plan. All grants of RSUs vest equally over three years, with the first tranche vesting on the first anniversary date of the issue.

The following table reflects the continuity of PSUs granted for years ended December 31, 2022 and 2021.

	Years ended December 31,			
	2022		2021	
	Number of PSUs	Weighted average exercise price \$	Number of PSUs	Weighted average exercise price \$
Outstanding, beginning of year	255,105	-	89,399	-
Granted	92,725	-	165,706	-
Exercised	-	-	-	-
Forfeited	(48,565)	-	-	-
Outstanding, end of year	<u>299,265</u>	-	<u>255,105</u>	-

On March 15, 2022, the Company granted 92,725 PSUs (March 26, 2021 – 165,706) to its employees and officers, under its 2020 Omnibus Plan. The PSUs granted have cliff vesting terms contingent on continued employment at the end of the three-year performance period.

The following table reflects the continuity of DSUs granted for the years ended December 31, 2022 and 2021.

	Years ended December 31,			
	2022		2021	
	Number of DSUs	Weighted average exercise price \$	Number of DSUs	Weighted average exercise price \$
Outstanding, beginning of year	370,991	-	315,031	-
Granted	58,645	-	55,960	-
Redeemed	-	-	-	-
Outstanding, end of year	429,636	-	370,991	-

On June 23, 2022, the Company granted 58,645 DSUs (June 1, 2021 – 55,960) to its non-management board members, under its 2020 Omnibus Plan. All of the DSUs are fully vested at the grant date and become payable upon retirement of the directors.

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

For the years ended December 31, 2022 and 2021, grant date fair value estimates were based on the following variables:

	Years Ended December 31	
	2022	2021
Weighted average fair value, per option (\$)	5.21	3.42
Weighted average risk-free interest rate (%)	1.78	0.47
Weighted average volatility (%)	49.40	56.63
Expected life (years)	3.3	3.0
Forfeiture rate (%)	9.4	7.8

The fair value compensation and contributed surplus relating to stock options, RSUs, PSUs and DSUs for the year ended December 31, 2022 was \$3,311,000 (2021: \$2,604,000).

25. INCOME TAXES

Deferred tax liability arising from temporary differences and unused tax losses are summarized as follows:

	January 1, 2022	Opening Balance Adjustment	Recognized in Equity	Temporary Differences Recognized in the Year	Recognized in Profit and Loss	December 31, 2022
Unclaimed non-capital losses and capital losses	\$ 265	\$ 130	\$ -	\$ -	\$ (156)	\$ 239
Investment tax credit	130	-	-	-	(79)	51
Inventory	(639)	-	-	-	(471)	(1,110)
Unclaimed SR&ED expense	117	-	-	-	(6)	111
Deductible reclamation costs	5,322	-	-	-	(529)	4,793
Unclaimed financing costs	19	-	160	-	(66)	113
Ontario resource profit tax credit	1,058	(1,058)	-	-	-	-
IFRS 16 liability	3,530	-	-	-	(1,181)	2,349
Fixed Assets	(74,972)	(222)	-	-	(2,315)	(77,509)
Stock compensation	1,301	(725)	-	-	485	1,061
CMT credit	5,619	(1,218)	-	-	-	4,401
Mining Tax	(14,632)	(1,277)	-	-	(42)	(15,951)
Investment	(4,313)	-	-	-	2,815	(1,498)
Net deferred tax liability	\$ (77,195)	\$ (4,370)	\$ 160	\$ -	\$ (1,545)	\$ (82,950)
Deferred income tax liability	\$ (57,654)					\$ (61,594)
Deferred mining tax liability	(19,541)					(21,356)
Net deferred tax liability	\$ (77,195)					\$ (82,950)

	January 1, 2021	Recognized in Retained Earnings	Opening Balance Adjustment	Temporary Differences Recognized in the Year	Recognized in Profit and Loss	December 31, 2021
	(Note 3)	(Note 3)				
Unclaimed non-capital losses and capital losses	\$ (1)	\$ -	\$ -	\$ 265	\$ 1	\$ 265
Investment tax credit	75	-	-	50	5	130
Inventory	(473)	-	-	-	(166)	(639)
Unclaimed SR&ED expense	119	-	-	-	(2)	117
Deductible reclamation costs	5,584	-	-	-	(262)	5,322
Unclaimed financing costs	(3)	-	-	-	22	19
Ontario resource profit tax credit	1,053	-	-	-	5	1,058
IFRS 16 liability	2,379	-	(129)	-	1,280	3,530
Fixed Assets	(44,303)	2,587	(383)	1,893	(34,766)	(74,972)
Stock compensation	1,129	-	-	-	172	1,301
CMT credit	3,031	-	(151)	-	2,739	5,619
Mining Tax	(5,944)	1,235	(295)	-	(9,628)	(14,632)
Investment	-	-	-	-	(4,313)	(4,313)
Net deferred tax liability	\$ (37,354)	\$ 3,822	\$ (958)	\$ 2,208	\$ (44,913)	\$ (77,195)
Deferred income tax liability	\$ (29,420)					\$ (57,654)
Deferred mining tax liability	(7,934)					(19,541)
Net deferred tax liability	\$ (37,354)					\$ (77,195)

The following table reconciles the expected income tax expense at the combined federal and provincial statutory income tax rate 25.3% (2021: 25.11%) to the amounts recognized in the Statements of Income (Loss) and Comprehensive Income (Loss).

	Years Ended December 31,	
	2022	2021
Income before mining and income taxes	\$ (3,191)	\$ 188,325
Expected income tax expense	(807)	47,292
Other permanent differences	6,105	(5,323)
Derecognition of deferred tax asset	116	(2,202)
Mining Taxes	4,342	17,257
Rate Change	171	(60)
Other	1,588	73
Income and mining tax expense	<u>\$ 11,515</u>	<u>\$ 57,037</u>

26. NET (LOSS) EARNINGS PER SHARE

	Years Ended December 31,	
	2022	2021
(Loss) earnings available to common shareholders	\$ (14,706)	\$ 131,288
Weighted average number of shares, basic (000s)	142,391	140,195
Dilutive securities – options and RSU (000s)	-	2,592
Weighted average number of shares, diluted (000s)	<u>142,391</u>	<u>142,787</u>
Basic (loss) earnings per share	\$(0.10)	\$0.94
Diluted (loss) earnings per share	\$(0.10)	\$0.92
Number of shares excluded from diluted earnings per share calculation due to anti-dilutive effect: Options and RSU (000s)	-	-

27. REVENUES

	Years Ended December 31,	
	2022	2021
Revenues from mining operations		
Gold	\$ 265,220	\$ 262,625
Silver	263	282
	<u>\$ 265,483</u>	<u>\$ 262,907</u>



28. COST OF SALES

	Years Ended December 31,	
	2022	2021
Mining and processing		
Mining	\$ 93,126	\$ 61,636
Processing	24,497	20,291
Site administration and camp costs	49,429	34,151
Change in inventories ¹	(906)	(2,921)
	166,146	113,157
Royalties	3,663	4,396
Depletion and depreciation	44,562	28,066
	\$ 214,371	\$ 145,619
(¹) Change in inventories		
Ore stockpile inventory	\$ 417	\$ 1,592
Bullion and in-circuit inventory	(1,323)	(4,513)
	\$ (906)	\$ (2,921)

29. INTEREST AND OTHER

(a) Interest expense

	Notes	Years Ended December 31,	
		2022	2021
Interest on lease liabilities	21	\$ 711	\$ 591
Premium on reclamation bonds		149	180
Interest on secured credit facility		1,586	423
		\$ 2,446	\$ 1,194

(b) Other income/(expense)

	Years Ended December 31,	
	2022	2021
Interest income	\$ 423	\$ 310
Foreign exchange loss	(770)	(98)
Amortization of deferred financing cost	(401)	(412)
Other expense	(124)	(163)
	\$ (872)	\$ (363)

30. EMPLOYEE BENEFITS

	Years Ended December 31,	
	2022	2021
Salaries and short-term employee benefits	\$ 64,103	\$ 50,083
Stock-based compensation	3,311	2,604
Long-term benefits	1,231	555
	<u>\$ 68,645</u>	<u>\$ 53,242</u>
Allocation of employee benefits		
Salaries and employee benefits expensed to mining and processing expenses	\$ 60,497	\$ 45,393
Salaries and benefits expensed to regional exploration	1,719	203
Salaries and employee benefits capitalized to mining properties	6,429	2,886
Salaries and employee benefits capitalized to mines under development	-	4,760
	<u>\$ 68,645</u>	<u>\$ 53,242</u>

31. RELATED PARTY INFORMATION

Key management of the Company are its Board of Directors and members of executive management. Key management personnel remuneration includes the following payments:

	Years Ended December 31,	
	2022	2021
Salaries, director fees and short-term employee benefits	\$ 5,238	\$ 4,833
Stock-based compensation	2,536	2,255
Long-term benefits	62	60
	<u>\$ 7,836</u>	<u>\$ 7,148</u>

32. SUPPLEMENTAL CASH FLOW INFORMATION

	Notes	Years Ended December 31,	
		2022	2021
Net changes in non-cash working capital			
Operating activities			
Accounts receivable and prepaids		\$ 1,038	\$ (4,174)
Payables and accruals		14,641	17,014
Mining and income tax payable		5,600	13,374
Gold in process and ore stockpiles		(900)	(3,612)
Supplies and other		(1,451)	(1,199)
		<u>\$ 18,928</u>	<u>\$ 21,403</u>
Investing activities			
Accounts receivable and prepaids		\$ -	\$ (736)
Payables and accruals		-	1,958
		<u>\$ -</u>	<u>\$ 1,222</u>
Non-cash transactions			
Change to decommissioning provisions	22	\$ (3,110)	\$ (1,635)
Assets acquired under finance leases	21	4,071	11,960
		<u>\$ 961</u>	<u>\$ 10,325</u>

33. FINANCIAL INSTRUMENTS

Fair Values

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

	At December 31, 2022		At December 31, 2021	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Financial Assets				
Cash and cash equivalents	\$ 33,185	\$ 33,185	\$ 56,764	\$ 56,764
Accounts receivable	231	231	747	747
Share consideration receivable	5,570	5,570	15,289	15,289
Marketable securities	960	960	1,860	1,860
	<u>\$ 39,946</u>	<u>\$ 39,946</u>	<u>\$ 74,660</u>	<u>\$ 74,660</u>
Financial Liabilities				
Payables and accruals	\$ 54,734	\$ 54,734	\$ 40,093	\$ 40,093
Borrowings	54,697	54,697	-	-
	<u>\$ 109,431</u>	<u>\$ 109,431</u>	<u>\$ 40,093</u>	<u>\$ 40,093</u>

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

Type	Valuation Technique	Key Inputs	Inter-Relationship Between Significant Inputs and Fair Value Measurements
Share consideration receivable - short term and long term	The fair value of the share consideration receivable has been calculated using the Monte Carlo simulation method	<p><i>Key observable inputs (Level 1)</i></p> <p>-stock price at December 31, 2022: \$0.245 per share</p> <p><i>Key observable inputs (Level 2)</i></p> <p>-Risk free interest rate: 3.92% - 4.48%</p> <p>-Dividend yield: 0%</p> <p><i>Key unobservable inputs (Level 3)</i></p> <p>-Volatility: 62.49%</p>	<p>The estimated fair value would increase (decrease) if:</p> <p>-The share price was higher (lower)</p> <p>-The dividend yield was lower (higher)</p> <p>-The volatility was lower (higher)</p>

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

	Net Loss and Total Comprehensive Loss	
	Decrease	Increase
Expected volatility (10% movement vs. the model input)	\$ (255)	\$ 191

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

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

Financial Instrument and Related Risks

1) Market Risk

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

(a) Commodity price risk

The Company's financial performance is closely linked to the price of gold which is impacted by world economic events that dictate the levels of supply and demand. The Company had no gold price hedge contracts in place as at or during the years ended December 31, 2022 and 2021.

(b) Foreign currency exchange risk

The Company's revenue is exposed to changes in foreign exchange rates as the Company's primary product, gold, is priced in U.S. dollars. The Company had no forward exchange rate contracts in place as at or during the years ended December 31, 2022 and 2021.

The following table illustrates the sensitivity of pre-tax earnings and equity in relation to fluctuations in the U.S. dollar denominated gold price for the years ended December 31, 2022 and 2021, with all other variables being constant. These percentages have been determined based on the



average market volatility in gold price as quoted by the London Market Bullion Association in the preceding 12 months.

Sensitivity analysis	Change	Impact on net earnings
2022	+/- 10%	\$ 26,522
2021	+/- 10%	\$ 26,263

(c) *Interest rate risk*

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

2) Liquidity Risk

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

The following table shows the timing of cash outflows relating to payables and accruals, finance leases and other financial obligations as at December 31, 2022:

	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables and accruals	\$ 54,734	\$ -	\$ -	\$ -
Borrowings	-	55,000	-	-
Lease liabilities	6,450	2,784	446	-
Purchase commitments	26,069	-	-	-
Decommissioning provisions	-	-	-	25,452
Total	\$ 87,253	\$ 57,784	\$ 446	\$ 25,452

3) Credit Risk

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

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

Capital Risk Management

The Company's capital management objectives are intended to safeguard its ability to support normal operating requirements on an ongoing objectives basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of items included in equity net of cash and cash equivalents:

	December 31, 2022	December 31, 2021
Total equity	\$ 398,519	\$ 395,175
Cash and cash equivalents	(33,185)	(56,764)
Capital	<u>\$ 365,334</u>	<u>\$ 338,411</u>

