WESDOME GOLD MINES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2019

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Wesdome Gold Mines Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited, expressed in thousands of Canadian dollars)

	Notes	As of March 31, 2019	As of December 31, 2018
Assets			
Current			
Cash and cash equivalents		**$ 27,847**	$ 27,378
Receivables and prepaids	4	**1,351**	548
Sales tax receivable		**4,058**	2,342
Inventories	5	**11,977**	8,302
Total current assets		**45,233**	38,570
Mining properties, plant and equipment	6	**93,545**	89,643
Exploration properties	7	**86,962**	81,424
Total assets		**$ 225,740**	$ 209,637
Liabilities			
Current			
Payables and accruals	8	**$ 22,175**	$ 22,526
Income and mining tax payable		**1,149**	180
Current portion of lease liabilities	9	**5,153**	4,552
Total current liabilities		**28,477**	27,258
Lease liabilities	9	**5,718**	5,248
Deferred income and mining tax liabilities		**11,375**	8,259
Decommissioning provisions	10	**11,868**	11,663
Total liabilities		**57,438**	52,428
Equity			
Equity attributable to owners of the Company			
Capital stock	11	**169,475**	166,387
Contributed surplus		**5,631**	5,777
Deficit		**(6,804)**	(14,955)
Total equity attributable to owners of the Company		**168,302**	157,209
Total liabilities and equity		**$ 225,740**	$ 209,637

Commitment and contingencies (notes 10 and 19)

On behalf of the Board:

/s/ Duncan Middlemiss — *Director*

/s/ Charles Main — *Director*

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.

Condensed Interim Consolidated Statements of Income and Comprehensive Income

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

	Notes	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Revenues	14	**$ 32,535**	$ 26,217
Cost of sales	15	**20,185**	18,764
Gross profit		**12,350**	7,453
Other expenses			
Corporate and general		**2,008**	1,077
Share based payments	12	**1,099**	867
Kiena care and maintenance		**-**	456
Write-down of mining equipment	6	**-**	281
		3,107	2,681
Operating income		**9,243**	4,772
Quebec exploration credits refund	19	**2,867**	-
Interest on long-term debt	16	**(112)**	(51)
Accretion of decommissioning provisions	10	**(115)**	(104)
Interest and other	16	**294**	44
Income before income and mining taxes		**12,177**	4,661
Income and mining tax expense			
Current		**968**	481
Deferred		**3,117**	1,321
		4,085	1,802
Net income and total comprehensive income		**$ 8,092**	$ 2,859
Earnings per share			
Basic	13	**$ 0.06**	$ 0.02
Diluted	13	**$ 0.06**	$ 0.02
Weighted average number of common shares (000s)			
Basic	13	**135,788**	134,132
Diluted	13	**139,550**	135,148

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, December 31, 2017		$ 164,161	$ 3,967	$ (29,905)	$ 138,223
Net income for the period ended March 31, 2018		-	-	2,859	2,859
Exercise of options	12	220	-	-	220
Value attributed to options exercised		128	(128)	-	-
Value attributed to options expired		-	(33)	33	-
Share based payments	12	-	867	-	867
Balance, March 31, 2018		$ 164,509	$ 4,673	$ (27,013)	$ 142,169
Balance, December 31, 2018		$ 166,387	$ 5,777	$ (14,955)	$ 157,209
Net income for the period ended March 31, 2019		**-**	**-**	**8,092**	**8,092**
Exercise of options	12	**1,902**	**-**	**-**	**1,902**
Value attributed to options exercised		**933**	**(933)**	**-**	**-**
Value attributed to options expired		**-**	**(59)**	**59**	**-**
Share based payments	12	**-**	**1,099**	**-**	**1,099**
Value attribtuted to RSUs exercised	12	**253**	**(253)**	**-**	**-**
Balance, March 31, 2019		**$ 169,475**	**$ 5,631**	**$ (6,804)**	**$ 168,302**

See accompanying notes to the condensed interim consolidated financial statements.

Wesdome Gold Mines Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	Three Months Ended March 31, 2019	2018
Operating activities			
Net income		**$ 8,092**	$ 2,859
Depletion and depreciation		**3,909**	3,321
Share based payments	12	**1,099**	867
Accretion of decommissioning provisions	10	**115**	104
Deferred income and mining tax expense		**3,117**	1,321
Interest on long-term debt	16	**112**	51
Write-down of mining equipment	6	**-**	281
		16,444	8,804
Net changes in non-cash working capital	17	**(3,863)**	3,619
Net cash from operating activities		**12,581**	12,423
Financing activities			
Exercise of options	12	**1,902**	220
Payments of lease liabilities		**(1,255)**	(659)
Interest paid		**(112)**	(51)
Net cash from (used in) financing activities		**535**	(490)
Investing activities			
Additions to mining properties		**(6,217)**	(3,556)
Additions to exploration properties		**(5,538)**	(4,992)
Net changes in non-cash working capital	17	**(892)**	983
Net cash used in investing activities		**(12,647)**	(7,565)
Increase in cash and cash equivalents		**469**	4,368
Cash and cash equivalents, beginning of period		**27,378**	22,092
Cash and cash equivalents, end of period		**$ 27,847**	$ 26,460
Cash and cash equivalents consist of:			
Cash		**$ 17,847**	$ 17,460
Term deposits		**10,000**	9,000
		$ 27,847	$ 26,460

See accompanying notes to the condensed interim consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Wesdome Gold Mines Ltd. ("Wesdome" or the "Company") is a gold producer engaged in mining and related activities including exploration, extraction, processing and reclamation. The Company's principal assets include the Eagle River Mine, the Mishi Mine and the Eagle River Mill located near Wawa, Ontario, together called the "Eagle River Mine Complex", the Moss Lake property in Thunder Bay, Ontario, and the Kiena Mining and Milling Complex ("Kiena Mine Complex") and exploration properties located in Val D'Or, Quebec. The Company is a publicly traded company, continued under Part 1A of the Companies Act (Quebec) and its common shares are listed on the Toronto Stock Exchange (TSX: WDO). Wesdome's head office is located at 220 Bay Street, Suite 1200, Toronto, Ontario, Canada, M5J 2W4.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – "*Interim Financial Reporting*" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2018 with the exception of the adoption of new lease accounting policy resulting from the adoption of new accounting standard IFRS 16 in January, 2019 (see note 3).

The preparation of condensed interim consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year. The critical judgments and estimates applied in the preparation of the Company's condensed interim consolidated financial statements are consistent with those applied to the Company's consolidated financial statements for the year ended December 31, 2018.

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

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 8, 2019.

3. ACCOUNTING PRONOUNCEMENTS

The Company has adopted the following new accounting pronouncement on January 1, 2019:

IFRS 16 Leases

This new accounting pronouncement, which supersedes IAS 17 – Leases and is in effect for periods beginning on or after January 1, 2019, and eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, the new accounting standard sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. The Company prospectively adopted IFRS 16 at the beginning of 2019 with no restatement of prior year comparatives using the modified retrospective approach. The adoption of this accounting pronouncement resulted in an increase of $0.94 million in Right-of-use-assets and a corresponding $0.94 million increase in lease liabilities.

The Company recognizes a right-of-use asset and a corresponding lease liability for all leases except for leases to explore for minerals, leases where the underlying assets are of low value and short-term leases with a contractual term of 12 months or less. Lease liability at the initial date of the lease represents the net present value of the lease payments including any exercise price of a purchase option if it is reasonably certain of being exercised, discounted by using the interest rate implicit in the lease or if this cannot be readily determined the incremental borrowing rate of the Company at the date of the lease. The interest calculated on the lease liability is expensed as interest expense. The right-of-use asset is equal to the lease liability. The right-of-use asset is depreciated on a straight-line basis over the term of the lease or the useful life of an asset.

Prior to January 1, 2019, payments relating to operating leases were expensed.

4. RECEIVABLES AND PREPAIDS

	March 31, 2019	December 31, 2018
Vendor deposits	**$ 600**	$ 162
Prepaids, deposits and other	**751**	386
	$ 1,351	$ 548

5. INVENTORIES

	Note	**March 31, 2019**	December 31, 2018
Gold in process	5(i), (ii)	**$ 3,317**	$ 4,182
Supplies		**2,282**	2,185
Ore stockpiles	5(iii)	**6,378**	1,935
		$ 11,977	$ 8,302

(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) Gold in process inventory includes Mishi inventory carried at net realizable value of $252,000 after a write-down of $3,000 and Eagle River inventory carried at cost of $3,065,000. At December 31, 2018, Mishi gold in process inventory was carried at net realizable value of $196,000 after a write down of $67,000 and Eagle River inventory was carried at cost of $3,986,000.

(iii) Ore stockpile inventories for Eagle River and Mishi are carried at cost of $5,710,000 and $668,000 respectively. December 31, 2018 inventory balance includes Mishi inventory carried at net realizable value of $822,000 after a write down of $176,000 and Eagle River carried at cost of $1,113,000.

The amount of inventory recognized as an expense for the period ended March 31, 2019 is $18,423,000 (March 31, 2018: $16,803,000) and is included in cost of sales. See Note 15 to the financial statements.

6. MINING PROPERTIES, PLANT AND EQUIPMENT

	Company Own Assets								Right-of-use assets				
	Mining properties			Plant & equipment					Plan & 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, 2017	$ 118,675	$ 35,201	$ 153,876	$ 19,566	$ 582	$ -	$ 20,148	$ 174,024	$ -	$ -	$ -	$ -	$ 174,024
Additions	16,086	-	16,086	9,111	-	120	9,231	25,317	-	-	-	-	25,317
Write down of fixed assets	-	-	-	(307)	(35)	(9)	(351)	(351)	-	-	-	-	(351)
Disposals	-	-	-	(94)	(17)	-	(111)	(111)	-	-	-	-	(111)
Balance, December 31, 2018	$ 134,761	$ 35,201	$ 169,962	$ 28,276	$ 530	$ 111	$ 28,917	$ 198,879	$ -	$ -	$ -	$ -	$ 198,879
Additions under adoption of IFRS 16	**-**	**-**	**-**	**(16,752)**	**-**	**-**	**(16,752)**	**(16,752)**	**16,752**	**152**	**787**	**17,691**	**939**
Additions	**6,177**	**-**	**6,177**	**19**	**-**	**111**	**130**	**6,307**	**1,387**	**-**	**-**	**1,387**	**7,694**
Balance, March 31, 2019	**$ 140,938**	**$ 35,201**	**$ 176,139**	**$ 11,543**	**$ 530**	**$ 222**	**$ 12,295**	**$ 188,434**	**$ 18,139**	**$ 152**	**$ 787**	**$ 19,078**	**$ 207,512**
Accumulated Depletion and write-downs													
Balance, December 31, 2017	$ 48,439	$ 35,201	$ 83,640	$ 8,569	$ 440	$ -	$ 9,009	$ 92,649	$ -	$ -	$ -	$ -	$ 92,649
Depletion	11,859	-	11,859	4,835	17	24	4,876	16,735	-	-	-	-	16,735
Write down of fixed assets	-	-	-	(61)	-	-	(61)	(61)	-	-	-	-	(61)
Accumulated depletion on disposals	-	-	-	(70)	(17)	-	(87)	(87)	-	-	-	-	(87)
Balance, December 31, 2018	$ 60,298	$ 35,201	$ 95,499	$ 13,273	$ 440	$ 24	$ 13,737	$ 109,236	$ -	$ -	$ -	$ -	$ 109,236
Depletion under adoption of IFRS 16	**-**	**-**	**-**	**(4,823)**	**-**	**-**	**(4,823)**	**(4,823)**	**4,823**	-	-	**4,823**	**-**
Depletion	**3,804**	**-**	**3,804**	**138**	**5**	**2**	**145**	**3,949**	**727**	**10**	**45**	**782**	**4,731**
Balance, March 31, 2019	**$ 64,102**	**$ 35,201**	**$ 99,303**	**$ 8,588**	**$ 445**	**$ 26**	**$ 9,059**	**$ 108,362**	**$ 5,550**	**$ 10**	**$ 45**	**$ 5,605**	**$ 113,967**
Net carrying amount,													
December 31, 2018	$ 74,463	$ -	$ 74,463	$ 15,003	$ 90	$ 87	$ 15,180	$ 89,643	$ -	$ -	$ -	$ -	$ 89,643
March 31, 2019	**$ 76,836**	**$ -**	**$ 76,836**	**$ 2,955**	**$ 85**	**$ 196**	**$ 3,236**	**$ 80,072**	**$ 12,589**	**$ 142**	**$ 742**	**$ 13,473**	**$ 93,545**

(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 and equipment and land position in the Township of Dubuisson, Quebec.

The Kiena Mine is not subject to any underlying royalties.

7. EXPLORATION PROPERTIES

	Kiena Group	Moss Lake Group	Mishi/Eagle Group	Total
Balance, December 31, 2017	$ 37,757	$ 10,083	$ 12,089	$ 59,929
Exploration expenditures	21,429	66	-	21,495
Balance, December 31, 2018	59,186	10,149	12,089	81,424
Exploration expenditures	**5,527**	**11**	**-**	**5,538**
Balance, March 31, 2019	**$ 64,713**	**$ 10,160**	**$ 12,089**	**$ 86,962**

8. PAYABLES AND ACCRUALS

	Notes	March 31, 2019	December 31, 2018
Trades payable		**$ 18,175**	$ 15,623
Employees related payable		**4,000**	4,036
Revenue Quebec receipt	19	**-**	2,867
		$ 22,175	$ 22,526

9. LEASE LIABILITIES

Future minimum payments under lease obligations are as follows:

	March 31, 2019	December 31, 2018
Not later than one year	**$ 5,529**	$ 4,866
Later than one year and not later than five years	**6,003**	5,479
Total minimum lease payments	**11,532**	10,345
Less: Interest portion at the weighted average interest rate of 4.73% (2018: 4.04%)	**661**	545
Total obligations under finance leases, secured by equipment	**10,871**	9,800
Less: Current portion	**5,153**	4,552
Long-term portion	**$ 5,718**	$ 5,248

Secured Credit Facility and Lease Facilities

In Q1 2019, the Company established a $7.0 million lease facility with a Canadian bank, of which $1.4 million were drawn during the quarter. Subsequent to Q1 2019, the Company established a US$4.5 million equipment leasing facility with a U.S. based leasing company.

During Q1 2019, the Company is in compliance with the financial covenants stipulated under its secured credit facilities with a major Canadian bank, which comprise of a $1.0 million commercial card program, $20.0 million in revolving equipment finance facility and $15.0 million in a letter of credit facility. At March 31, 2019, these facilities are secured by a fixed charge over all property together with a floating charge over all other assets of the Company.

10. DECOMMISSIONING PROVISIONS

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

The Company has recorded the decommissioning costs at its active and dormant mine sites on the basis of management's best estimates of future costs to settle the obligations on the closing date, based on information available on the reporting date. Although the ultimate amount of decommissioning costs is uncertain, the Company estimated its future decommissioning costs for the Eagle River Mine, Mishi Mine, Magnacon Mine and the Eagle River Mill (the "Eagle River Complex") to be about $6,121,000 which has been discounted over a period of six years using a discount rate of 3.93%; and the Kiena Mine Complex complex to be about $7,027,000 which has been discounted over a period of three months using a discount rate of 3.91%. The Company has provided in aggregate $8,574,000 in financial assurances (see note 10(b) and 10 (c) below) for these future environmental obligations.

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:

	Note	**March 31, 2019**	December 31, 2018
Balance, beginning of year		**$ 11,663**	$ 11,192
Accretion expense for the year		**115**	436
Change in provisions - Kiena		**-**	(24)
Changes to estimates, Eagle River Complex	10(a)(i)	**90**	59
		$ 11,868	$ 11,663

(i) In late 2016, the Company commissioned a third-party consultant to revise the closure plans for the Eagle River Complex. These revised plans, when completed, will be submitted to the Ontario Ministry of Northern Development and Mines for their review and approval at which time additional standby letters of credit may be required. The Company has received preliminary revised estimates totalling $6,121,000 in place of the previous estimated total of $6,012,000. Decommissioning costs have been discounted to $3,303,000 with a corresponding increase in mining assets as at December 31, 2016, using a risk-adjusted rate of 3.93% over 6 years

b) Standby letters of credit

In Q1, 2019, the Company has replaced letters of credit to the government of Ontario as financial assurance for the settlement of the decommissioning provisions under the closure plans submitted for the Eagle River Complex with reclamation bond.

	March 31, 2019	December 31, 2018
Standby letters of credit:		
Eagle River Complex	**$ 27**	$ 1,547
Kiena Complex	**-**	-
	$ 27	$ 1,547

c) Reclamation bond

In Q1, 2019, the Company entered into an agreement with a financial institution whereby the financial institution has issued a surety bond, on an unsecured basis, to the extent of $1.5 million to satisfy the Company's reclamation obligation for the Eagle River Complex. As at March 31, 2019, the total reclamation bonds issued to government environmental agencies amounted to $8.5 million (December 31, 2018 - $7.0 million).

11. CAPITAL STOCK

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

	Shares	Amount
Issued:		
Balance, December 31, 2017	133,889,798	$ 164,161
Exercise of options	1,133,966	2,226
Balance, December 31, 2018	135,023,764	166,387
Exercise of options	**1,149,750**	**2,835**
Exercise of RSUs	**129,133**	**253**
Balance, March 31, 2019	**136,302,647**	**$ 169,475**

12. SHARE-BASED COMPENSATION PLAN

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

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

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

As at March 31, 2019, Awards to purchase 6,582,272 common shares of Wesdome were available for grant under the Omnibus Plan.

The following table reflects the continuity of options granted for the three months ended March 31, 2019 and 2018.

	Three months ended March 31, 2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**6,688,249**	**2.02**	6,082,388	1.92
Granted	**984,923**	**5.28**	1,747,327	1.96
Exercised	**(1,149,750)**	**1.65**	(316,948)	0.69
Expired/Forfeited	**(115,250)**	**1.67**	(30,000)	2.72
Outstanding, end of period	**6,408,172**	**2.60**	7,482,767	1.98

The following table reflects the continuity of RSUs granted for the three months ended March 31, 2019 and 2018.

	Three months ended March 31, 2019		2018	
	Number of RSUs	Weighted average of exercised RSUs	Number of RSUs	Weighted average
		$		$
Outstanding, beginning of period	**387,399**	**-**	-	-
Granted	**186,083**	**-**	387,399	-
Exercised	**(129,133)**	**3.99**	-	-
Outstanding, end of period	**444,349**	**-**	387,399	-

The weighted average share price at the date of exercise for stock options exercised during the three months ended March 31, 2019 and 2018 was $4.68 and $1.95, respectively.

On February 26, 2019, the Company granted 984,923 stock options and 186,083 RSUs to its employees and officers, under its 2017 Omnibus Plan. Of the 984,923 stock options granted, 694,923 stock options have a three-year vesting term commencing on the anniversary date of the issue; and the remaining 290,000 stock options vest immediately. The RSUs granted have also a three-year vesting period.

The fair value of the stock options and RSUs 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 stock options and RSUs, 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 is the market value of the underlying shares as of the date of grant.

For the three months ended March 31, 2019 and 2018, grant date fair value estimates were based on the following variables:

	Three months ended March 31, 2019	2018
Weighted average fair value, per option ($)	**2.02**	0.80
Weighted average risk-free interest rate (%)	**1.81**	1.74
Weighted average volatility (%)	**57.84**	60.0
Expected life (years)	**3.0**	3.0
Forfeiture rate (%)	**6.2**	6.0

The fair value compensation and contributed surplus relating to stock options, DSUs and RSUs for the three months ended March 31, 2019 was $1,099,000 (2018: $867,000).

The following table outlines share options outstanding at March 31, 2019:

	Outstanding Options			Exercisable Options	
Range of exercise prices	Number outstanding	Weighted average remaining life (years)	Weighted average exercise price $	Number exercisable	Weighted average exercise price $
less than $1.00	25,000	0.10	0.84	25,000	0.84
$1.00 - $1.50	830,000	1.45	1.20	830,000	1.20
$1.51 - $2.00	2,441,827	3.25	1.83	1,633,610	1.77
$2.01 - $2.50	1,330,000	2.90	2.46	1,130,000	2.46
$3.01 - $6.00	1,781,345	4.11	4.43	802,080	4.09
	6,408,172	3.17	2.60	4,420,690	2.25

13. EARNINGS PER SHARE

	Three Months Ended March 31,	
	2019	2018
Earnings available to common shareholders	**$ 8,092**	$ 2,859
Weighted average number of shares, basic (000s)	**135,788**	134,132
Dilutive securites – options (000s)	**3,762**	1,016
Weighted average number of shares, diluted (000s)	**139,550**	135,148
Basic earnings per share	**$ 0.06**	$ 0.02
Diluted earnings per share	**$ 0.06**	$ 0.02
Number of shares excluded from diluted earnings per share calculation due to anti-dilutive effect: Share base payments (000s)	**1,171**	4,466

14. REVENUES

	Three Months Ended March 31,	
	2019	2018
Revenues from mining operations		
Gold	**$ 32,507**	$ 26,193
Silver	**28**	24
	$ 32,535	$ 26,217

15. COST OF SALES

	Three Months Ended March 31, 2019	2018
Mining and processing		
Mining	$ **9,688**	$ 8,886
Processing	**3,878**	3,756
Site administration and camp costs	**4,857**	4,161
Change in inventories [(i)]	**(2,755)**	(1,899)
	15,668	14,904
Royalties	**608**	539
Depletion and depreciation	**3,909**	3,321
	$ **20,185**	$ 18,764

[(i)] Change in inventories		
Ore Stock pile inventory	$ **(3,543)**	$ (715)
Bullion and in-circuit inventory	**788**	(1,184)
	$ **(2,755)**	$ (1,899)

16. INTEREST AND OTHER

a) Interest on long-term debt

	Notes	Three Months Ended March 31, 2019	2018
Interest on lease liabilities	9	$ **112**	$ 51

b) Interest and other

	Three Months Ended March 31, 2019	2018
Insurance proceeds	$ **255**	$ -
Interest income	**39**	44
	$ **294**	$ 44

17. SUPPLEMENTAL CASH FLOW INFORMATION

	Notes	Three Months Ended March 31, 2019	2018
Net changes in non-cash working capital			
Operating activities			
Receivables and prepaids		**$ (2,026)**	$ 972
Payables and accruals		**48**	4,104
Mining and income tax payable		**969**	481
Gold in process and ore stockpiles		**(2,757)**	(1,898)
Supplies and other		**(97)**	(40)
		$ (3,863)	$ 3,619
Investing activities			
Receivables and prepaids		**$ (493)**	$ (33)
Payables and accruals		**(399)**	1,026
Supplies and other		**-**	(10)
		$ (892)	$ 983
Non-cash transactions:			
Advance under finance lease		**$ -**	$ 2,345
Change to decommissioning provisions	10	**90**	-
Mining property assets acquired under finance leases		**1,387**	-
Assets under adoption of IFRS 16		**939**	-
		$ 2,416	$ 2,345

18. 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:

March 31, 2019

	Financial Assets at amortized cost	Financial Liabilities at amortized cost	Total Carrying Amount	Fair Value
Cash and cash equivalents	**$ 27,847**	**$ -**	**$ 27,847**	**$ 27,847**
Receivable	**628**	**-**	**628**	**628**
Total assets	**$ 28,475**	**$ -**	**$ 28,475**	**$ 28,475**
Payables and accruals	**$ -**	**$ 22,175**	**$ 22,175**	**$ 22,175**
Total lease obligations	**-**	**10,871**	**10,871**	**10,871**
Total liabilities	**$ -**	**$ 33,046**	**$ 33,046**	**$ 33,046**

December 31, 2018

	Financial Assets at amortized cost	Financial Liabilities at amortized cost	Total Carrying Amount	Fair Value
Cash and cash equivalents	$ 27,378	-	$ 27,378	$ 27,378
Receivables	548	-	548	548
Total assets	$ 30,268	$ -	$ 30,268	$ 30,268
Payables and accruals	$ -	$ 22,526	$ 22,526	$ 22,526
Total lease obligations	-	9,800	9,800	9,800
Total liabilities	$ -	$ 32,546	$ 32,546	$ 2,546

The fair value of cash and cash equivalents, receivables and payables approximate their carrying amounts due to their short-term nature. The fair value of obligations under finance leases approximates their carrying values due to current market rates and consistency of credit spread. 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 three months ended March 31, 2019 and 2018.

(b) Foreign currency exchange risk

The Company's revenue is exposed to changes in foreign exchange rates as the Company's primary product, gold, is priced in U.S. dollars. The Company had no forward exchange rate contracts in place and no foreign currency holdings as at or during the three months ended March 31, 2019 and 2018.

(c) Interest rate risk

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

2) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company believes it has access to sufficient capital through internally generated cash flows and equity and debt capital markets. Senior 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 March 31, 2019:

	<1 Year	1-2 Years	3-5 Years	Over 5 Years
Payables and accruals	$ 22,175	$ -	$ -	$ -
Mining and income tax liabilities	1,149	-	-	-
Leases related to mining operations	5,270	3,596	1,833	-
Other leases [1]	259	172	402	-
Purchase commitments [2]	4,761	-	-	-
Decommissioning liabilities	-	7,027	-	6,121
Total	$ 33,614	$ 10,795	$ 2,235	$ 6,121

[1] Other leases are leases substantively relates to the lease of the office premise

[2] The Company anticipates the outstanding purchase commitments as at March 31, 2019 will be financed by finance leases.

3) Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company minimizes its credit risk by selling its gold exclusively to financial institutions. The Company's receivables consist primarily of government refunds and credits and advances to vendors on projects at the mine. The Company estimates its maximum exposure to be the carrying value of cash and cash equivalents and receivables.

The Company manages credit risk by maintaining bank accounts and term deposits with Schedule 1 Canadian banks. The Company's cash is not subject to any external limitations.

19. QUEBEC EXPLORATION CREDITS CONTINGENCY

In 2011, the Company paid $5,267,828 in tax reassessments and interests made by Revenu Québec for exploration credits claimed in 2005 and 2006 relating to the Kiena exploration properties. The Company was successful in appealing the assessments for both years.

In April 2016, Revenu Québec appealed the decisions of the Court of Quebec (the "April 2016 Appeal"), however it refunded $2,620,000 of the reassessed amounts in July 2016. On March 28, 2018, the Company was successful in defending the April 2016 Appeal. On May 28, 2018, Revenue Québec submitted an application for leave to appeal to the Supreme Court of Canada, the decision made by the Québec Court of Appeal (the "Supreme Court Appeal"). On June 18, 2018, the Company received the refund of the remaining tax assessment payment plus interest accrued amounted to $2,867,140.

The Kiena mining assets were written off after being placed on care and maintenance in 2013 and accordingly, the Company recorded as income in 2016 the $2,620,000 refund it received during that year. The Company recorded the amount of $2,867,140 that was received in 2018 in payable and accruals.

On February 28, 2019, the Supreme Court dismissed the Supreme Court Appeal and accordingly, the Company recorded this amount as income in the three months ended March 31, 2019.