



## Wesdome Announces 2020 Second Quarter Financial Results

TORONTO, Aug. 11, 2020 (GLOBE NEWSWIRE) -- Wesdome Gold Mines Ltd. (TSX: WDO) ("Wesdome" or the "Company") today announces second quarter ("Q2 2020") financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO commented, "During Q2, Wesdome generated operating cash flow of \$30.2 million or \$0.22 per share and free cash flow of \$17.7 million, net of an investment of \$6.0 million in Kiena, or \$0.13 per share, ending the quarter with a cash position of \$66.7 million (Q1 2020: \$49.4 million). Cash costs for the quarter were \$882 per ounce (US: \$637) and All-in sustaining costs were \$1,218 per ounce (US \$879) a 21% and 14% decrease respectively over Q1 2020.

With H1 2020 total gold production of 50,264 ounces at an average grade of 15.8 grams per tonne at the Eagle River mine, the Company is well-positioned to achieve its full year guidance range of 90,000 – 100,000 ounces at an average grade of 15 – 16.7 grams per tonne. H1 2020 cash costs of \$1,009 per ounce (US\$739) are above the high end of the company's guidance range of \$875 per ounce (US\$670) due to inventory adjustments in the first quarter, and reduced operational efficiencies related to protocols implemented due to COVID-19. The Company is revising cash cost guidance for the year to \$950 - \$975 per ounce (US\$700 – \$720). H1 2020 All-in sustaining costs of \$1,327 per ounce (US\$972) are within the company's guidance range of \$1,280 - \$1,350 per ounce (US \$985 - \$1,040) and we expect full year costs to be within this range.

The Eagle River complex was operating on reduced operations, and some work, such as exploration, mine and tailing construction activities, that were suspended in order to facilitate enhanced physical distancing to limit the potential spread of the COVID-19 virus, have gradually restarted in the second quarter. The initial budget for Eagle River underground exploration was 119,000 metres, which will now be 85,000 metres. Surface exploration metres of 33,500 metres will be largely unchanged, and we will introduce some regional exploration campaigns away from the existing mine.

At Kiena, work was shut down on March 24 in response to the Government of Quebec's mandated closures due to the COVID-19 virus, and resumed on May 11. Drilling activities are back to 100% capacity, and we expect to achieve our previously guided drill metres of 80,000 metres. We expect to publish an updated resource estimate in Q4, followed by a Pre-feasibility study. During the quarter, we also completed our Preliminary Economic Analysis ("PEA") which delivered favourable economics of an after-tax IRR of 102%. A summary of the PEA was released on May 27, and the full report filed on June 25. Both reports are available on the Company's website and on [sedar.com](http://sedar.com).

Additionally, the Company wishes to announce the appointment of Raj Gill to the position of Vice President, Corporate Development. Raj has over 11 years of experience in the mining industry and capital markets including equity research, and most recently Director of Corporate Development at Kinross where he led and supported a range of strategic, financial and technical initiatives. Raj will be a great asset as Wesdome continues on its trajectory of becoming an all-Canadian intermediate gold producer."

### Key operating and financial highlights of the Q2 2020 results include:

- Gold production of 25,142 ounces from the Eagle River Complex, a 12.1% increase over the same period in the previous year (Q2 2019: 22,437 ounces):
  - Eagle River Underground 42,349 tonnes at a head grade of 18.1 grams per tonne ("g/t Au") for 24,117 ounces produced, 15.5% increase over the previous year (Q2 2019: 20,873 ounces).
  - Mishi Open Pit 13,721 tonnes at a head grade of 2.9 g/t Au for 1,026 ounces produced (Q2 2019: 1,564 ounces).
- Revenue of \$54.8 million, a 29.6% increase over Q2 2019 (Q2 2019: \$42.3 million).
- Ounces sold 23,140 at an average sales price of \$2,365/oz (Q2 2019: 24,113 ounces at an average price of \$1,752/oz).
- Earned mine profit<sup>1</sup> of \$34.3 million, a 55% increase over Q2 2019 (Q2 2019 - \$22.1 million).
- Cash costs<sup>1</sup> of \$882 (US\$637) per ounce of gold sold (Q2 2019 of \$837 (US\$626) due to higher tonnes processed at the mill.
- All-in sustaining costs ("AISC")<sup>1</sup> of \$1,218/oz or US\$879/oz, a slight decrease over the same period in 2019 (Q2 2019: \$1,220/oz or US\$912/oz), due to lower sustaining capital expenditures; partially offset by lower grades and higher tonnage processed at the Mill.
- Operating cash flow of \$30.2 million or \$0.22 per share<sup>1</sup> as compared to \$15.4 million or \$0.11 per share for the same period in 2019.
- Free cash flow of \$17.7 million, net of an investment of \$6.0 million in Kiena, or \$0.13 per share<sup>1</sup> (Q2 2019: free cash flow of \$1.2 million or \$0.01 per share).
- Net income of \$16.1 million or \$0.12 per share (Q2 2019: \$8.3 million or \$0.06 per share) and Net income (adjusted)<sup>1</sup> of \$16.4 million or \$0.12 per share (Q2 2019: \$8.3 million or \$0.06 per share).
- Cash position increased to \$66.7 million compared to \$49.4 million in the previous quarter.

<sup>1</sup> Refer to the Company's 2020 Second Quarter Management Discussion and Analysis, section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.

Production and Exploration Highlights	Achievements
Eagle River	With normal operations curtailed due to the COVID-19 pandemic, surface and exploration drilling is currently operating at a reduced capacity. However, recent underground drilling from the 772 m elevation was completed to test the down plunge extension of the Falcon Zone. It is interpreted

that the Falcon/7 Zone now extends from surface approximately 1,000 m down plunge and is part of the up plunge extension of the 7 Zone currently being mined near the 1,000 m elevation. This is significant, as the extension of this zone is proximal to mine infrastructure and has the potential to be included in future mine production and ultimately augment production rates in the medium term. Additional drilling is required to better define these zones and remains a priority in the second half of 2020.

<b>Kiena</b>	<ul style="list-style-type: none"><li>  The Preliminary Economic Assessment ("PEA") study was completed in Q2 2020. The PEA demonstrates a low-cost and high margin operation, with low capital requirements and a short payback period, while minimizing risks and maximizing shareholders' return. This PEA is based on the Mineral Resource Estimate ("MRE") dated September 2019 and includes only those resources proximal to the mine infrastructure, specifically the A Zone, B Zone, S50, VC Zones and the South Zone. An updated resource estimate is planned early in Q4 2020 followed by a pre-feasibility study ("PFS") and a production restart decision in H1 2021.</li><li>  Diamond drilling activities at Kiena restarted on May 11th, 2020 focusing on the continuation of converting inferred into indicated resources. This drilling has continued to confirm the overall continuity of the geometry and the high-grade gold mineralization of the A Zone and identified additional mineralization outside of the most recent resource estimate. The A Zone now extends down plunge in excess of 830 m.</li></ul>
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## Technical Disclosure

The technical content of this release has been compiled, reviewed and approved by Marc-Andre Pelletier, P. Eng, Chief Operating Officer, and Michael Michaud, P.Geo., Vice President, Exploration of the Company and each a "Qualified Person" as defined in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

## Cautionary Note to United States Investors Concerning Estimates of Reserves and Resources

The mineral reserve and resource estimates reported in this news release were prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**") as required by Canadian securities regulatory authorities. The United States Securities and Exchange Commission (the "**SEC**") applies different standards in order to classify and report mineralization. This news release uses the terms "measured", "indicated" and "inferred" mineral resources, as required by NI 43-101. Readers are advised that although such terms are recognized and required by Canadian securities regulations, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Readers are cautioned not to assume that any part or all of the mineral deposits in these categories constitute or will ever be converted into mineral reserves. In addition, "inferred" mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource exists, is economically or legally mineable or will ever be upgraded to a higher category of mineral resource.

## Wesdome Gold Mines 2020 Second Quarter Financial Results Conference Call:

North American Toll Free: + 1 (844) 202-7109

International Dial-In Number: +1 (703) 639-1272

Conference ID: 9581356

Webcast link: <https://edge.media-server.com/mmc/p/ord86na2>

Webcast can also be accessed under the News and Events section of the Company's website ([www.wesdome.com](http://www.wesdome.com))

## ABOUT WESDOME

Wesdome Gold Mines has had over 30 years of continuous gold mining operations in Canada. The Company is 100% Canadian focused with a pipeline of projects in various stages of development. The Company's strategy is to build Canada's next intermediate gold producer, producing 200,000+ ounces from two mines in Ontario and Quebec. The Eagle River Complex in Wawa, Ontario is currently producing gold from two mines, the Eagle River Underground Mine and the Mishi Open pit, from a central mill. Wesdome is actively exploring its brownfields asset, the Kiena Complex in Val d'Or, Quebec. The Kiena Complex is a fully permitted former mine with a 930-metre shaft and 2,000 tonne-per-day mill. The Company has further upside at its Moss Lake gold deposit, located 100 kilometres west of Thunder Bay, Ontario. The Company has approximately 138.9 million shares issued and outstanding and trades on the Toronto Stock Exchange under the symbol "WDO".

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*This news release contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company and its projects. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements contained herein are made as of the date of this press release and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances, management's estimates or opinions should change, except as required by securities legislation. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements. The Company has included in this news release certain non-IFRS performance measures, including, but not limited to, mine operating profit, mining and processing costs and cash costs. Cash costs per ounce reflect actual mine operating costs incurred during the fiscal period divided by the number of ounces produced. These measures are not defined under IFRS and therefore should not be considered in isolation or as an alternative to or more meaningful than, net income (loss) or cash flow from operating activities as determined in accordance with IFRS as an indicator of our financial performance or liquidity. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow.*

**Wesdome Gold Mines Ltd.**  
**Summarized Operating and Financial Data**

(Unaudited, expressed in thousands of Canadian dollars, except per share and per unit amounts and otherwise indicated)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2020	2019	2020	2019
<b>Operating data</b>				
<b>Milling (tonnes)</b>				
Eagle River	42,349	28,754	98,223	59,695
Mishi	13,721	18,623	24,768	37,093
Throughput <sup>2</sup>	56,070	47,377	122,991	96,788
<b>Head grades (g/t)</b>				
Eagle River	18.1	23.4	15.8	20.9
Mishi	2.9	3.0	2.7	2.6
<b>Recovery (%)</b>				
Eagle River	97.9	96.4	97.6	96.9
Mishi	79.8	85.2	77.8	83.3
<b>Production (ounces)</b>				
Eagle River	24,117	20,873	48,574	38,828
Mishi	1,026	1,564	1,690	2,618
<b>Total gold produced <sup>2</sup></b>	<b>25,142</b>	<b>22,437</b>	<b>50,264</b>	<b>41,446</b>
<b>Total gold sales (ounces)</b>	<b>23,140</b>	<b>24,113</b>	<b>49,640</b>	<b>42,873</b>
<b>Eagle River Complex (per ounce of gold sold) <sup>1</sup></b>				
Average realized price	\$ 2,365	\$ 1,752	\$ 2,257	\$ 1,743
Cash costs	882	837	1,009	850
Cash margin	\$ 1,483	\$ 915	\$ 1,247	\$ 893
All-in Sustaining Costs <sup>1</sup>	\$ 1,218	\$ 1,220	\$ 1,327	\$ 1,260
Average 1 USD → CAD exchange rate	1.3853	1.3377	1.3651	1.3336
Cash costs per ounce of gold sold (US\$) <sup>1</sup>	\$ 637	\$ 626	\$ 739	\$ 637
All-in Sustaining Costs (US\$) <sup>1</sup>	\$ 879	\$ 912	\$ 972	\$ 945

**Financial Data**

Mine profit <sup>1</sup>	\$	<b>34,304</b>	\$	22,055	\$	<b>61,923</b>	\$	38,314
Net income	\$	<b>16,097</b>	\$	8,327	\$	<b>27,610</b>	\$	16,419
Net income adjusted <sup>1</sup>	\$	<b>16,473</b>	\$	8,327	\$	<b>27,986</b>	\$	14,050
Operating cash flow	\$	<b>30,246</b>	\$	15,400	\$	<b>63,675</b>	\$	27,981
Free cash flow (outflow) <sup>1</sup>	\$	<b>17,691</b>	\$	1,155	\$	<b>34,363</b>	\$	726
Per share data								
Net income	\$	<b>0.12</b>	\$	0.06	\$	<b>0.20</b>	\$	0.12
Adjusted net earnings <sup>1</sup>	\$	<b>0.12</b>	\$	0.06	\$	<b>0.20</b>	\$	0.10
Operating cash flow <sup>1</sup>	\$	<b>0.22</b>	\$	0.11	\$	<b>0.46</b>	\$	0.21
Free cash flow <sup>1</sup>	\$	<b>0.13</b>	\$	0.01	\$	<b>0.25</b>	\$	0.01

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

	<u>June 30, 2020</u>	<u>December 31,</u> <u>2019</u>
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 66,733	\$ 35,657
Receivables and prepaids	1,798	1,996
Sales tax receivable	3,256	3,344
Inventories	10,517	19,667
Total current assets	<u>82,304</u>	<u>60,664</u>
Restricted cash	657	657
Deferred financing cost	1,025	988
Mineral properties, plant and equipment	121,142	116,765
Exploration properties	121,756	106,644
Total assets	<u>\$ 326,884</u>	<u>\$ 285,718</u>
<b>Liabilities</b>		
Current		
Borrowings	\$ -	\$ 3,636
Payables and accruals	18,077	19,219
Income and mining tax payable	4,137	1,419
Current portion of lease liabilities	5,133	3,781
Total current liabilities	<u>27,347</u>	<u>28,055</u>
Lease liabilities	6,287	5,889
Deferred income and mining tax liabilities	33,723	23,829
Decommissioning provisions	21,889	21,443
Total liabilities	<u>89,246</u>	<u>79,216</u>
<b>Equity</b>		
Equity attributable to owners of the Company		
Capital stock	177,973	174,789
Contributed surplus	5,932	5,590
Retained earnings	53,733	26,123
Total equity attributable to owners of the Company	<u>237,638</u>	<u>206,502</u>
Total liabilities and equity	<u>\$ 326,884</u>	<u>\$ 285,718</u>

**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)

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
<b>Revenues</b>	\$ 54,772	\$ 42,276	\$ 112,104	\$ 74,811
<b>Cost of sales</b>	(26,270)	(26,571)	(63,860)	(46,756)
<b>Gross profit</b>	<u>28,502</u>	<u>15,705</u>	<u>48,244</u>	<u>28,055</u>
<b>Other expenses</b>				
Corporate and general	1,805	1,498	3,776	3,506
Stock-based compensation	1,340	1,056	1,744	2,155
	<u>3,145</u>	<u>2,554</u>	<u>5,520</u>	<u>5,661</u>
<b>Operating income</b>	<b>25,357</b>	<b>13,151</b>	<b>42,724</b>	<b>22,394</b>
Quebec exploration credits refund	-	-	-	2,867
COVID-19 costs	(556)	-	(556)	-
Interest expense	(284)	(114)	(539)	(226)
Accretion of decommissioning provisions	(52)	(122)	(177)	(237)
Interest and other income	(204)	31	91	325
Income before income and mining taxes	<u>24,261</u>	<u>12,946</u>	<u>41,543</u>	<u>25,123</u>
<b>Income and mining tax expense</b>				
Current	1,769	1,175	4,039	2,143
Deferred	6,395	3,444	9,894	6,561
	<u>8,164</u>	<u>4,619</u>	<u>13,933</u>	<u>8,704</u>
<b>Net income and total comprehensive income</b>	<b>\$ 16,097</b>	<b>\$ 8,327</b>	<b>\$ 27,610</b>	<b>\$ 16,419</b>
<b>Earnings per share</b>				
Basic	\$ 0.12	\$ 0.06	\$ 0.20	\$ 0.12
Diluted	<u>0.11</u>	<u>0.06</u>	<u>0.19</u>	<u>0.12</u>
<b>Weighted average number of common shares (000s)</b>				
Basic	138,918	136,740	138,691	136,266
Diluted	142,430	139,661	142,227	139,492

**Wesdome Gold Mines Ltd.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
(Unaudited, expressed in thousands of Canadian dollars)

	Capital Stock	Contributed Surplus	Retained Earnings/ (Deficit)	Total Equity
Balance, December 31, 2018	\$ 166,387	\$ 5,777	\$ (14,955)	\$ 157,209
Net income for the period ended June 30, 2019	-	-	16,419	16,419
Exercise of options	2,691	-	-	2,691
Value attributed to options exercised	1,307	(1,307)	-	-
Value attributed to options expired	-	(91)	91	-
Value attributed to RSUs exercised	253	(253)	-	-
Value attributed to DSUs exercised	175	(175)	-	-
Stock-based compensation	-	2,155	-	2,155
Balance, June 30, 2019	\$ 170,813	\$ 6,106	\$ 1,555	\$ 178,474
Balance, December 31, 2019	\$ 174,789	\$ 5,590	\$ 26,123	\$ 206,502

Net income for the period ended				
June 30, 2020	-	-	27,610	27,610
Exercise of options	1,782	-	-	1,782
Value attributed to options exercised	825	(825)	-	-
Value attributed to RSUs exercised	577	(577)	-	-
Stock-based compensation	-	1,744	-	1,744
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance, June 30, 2020	\$ 177,973	\$ 5,932	\$ 53,733	\$ 237,638

**Wesdome Gold Mines Ltd.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited, expressed in thousands of Canadian dollars)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
<b>Operating Activities</b>				
Net income	\$ 16,097	\$ 8,327	\$ 27,610	\$ 16,419
Depreciation and depletion	5,802	6,350	13,679	10,259
Stock-based compensation	1,340	1,056	1,744	2,155
Accretion of decommissioning provisions	52	122	177	237
Deferred income and mining tax expense	6,395	3,444	9,894	6,561
Interest expense	284	114	539	226
Foreign exchange loss on lease financing	(236)	9	184	9
	<u>29,734</u>	<u>19,422</u>	<u>53,827</u>	<u>35,866</u>
Net changes in non-cash working capital	512	(2,942)	11,168	(6,805)
Mining tax paid	-	(1,080)	(1,320)	(1,080)
<b>Net cash from operating activities</b>	<u>30,246</u>	<u>15,400</u>	<u>63,675</u>	<u>27,981</u>
<b>Financing Activities</b>				
Exercise of options	1,100	789	1,782	2,691
Amortization of deferred financing cost	3	-	(34)	-
Repayment of borrowings	-	-	(3,636)	-
Repayment of lease liabilities	(1,152)	(1,316)	(2,209)	(2,571)
Interest paid	(284)	(114)	(539)	(226)
<b>Net cash used in financing activities</b>	<u>(333)</u>	<u>(641)</u>	<u>(4,636)</u>	<u>(106)</u>
<b>Investing Activities</b>				
Additions to mining properties	(5,445)	(6,804)	(11,991)	(13,021)
Additions to exploration properties	(5,958)	(5,498)	(15,112)	(11,036)
Funds held against standby letter of credit	-	(627)	-	(627)
Net changes in non-cash working capital	(1,175)	(2,282)	(860)	(3,174)
<b>Net cash used in investing activities</b>	<u>(12,578)</u>	<u>(15,211)</u>	<u>(27,963)</u>	<u>(27,858)</u>
Increase in cash and cash equivalents	17,335	(452)	31,076	17
Cash and cash equivalents - beginning of year	49,398	27,847	35,657	27,378
Cash and cash equivalents - end of year	<u>\$ 66,733</u>	<u>\$ 27,395</u>	<u>\$ 66,733</u>	<u>\$ 27,395</u>
Cash and cash equivalents consist of:				
Cash	\$ 66,733	\$ 13,395	\$ 66,733	\$ 13,395
Term deposits	-	14,000	-	14,000
	<u>\$ 66,733</u>	<u>\$ 27,395</u>	<u>\$ 66,733</u>	<u>\$ 27,395</u>

PDF available:

## Attachment Preview:

Wesdome Announces 2020 Second  
Quarter Financial Results.pdf

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