

Wesdome Announces 2018 First Quarter Financial Results

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TORONTO, May 01, 2018 (GLOBE NEWSWIRE) -- [Wesdome Gold Mines Ltd.](#) (TSX:WDO) (‘Wesdome’ or the ‘Company’) today announces first quarter (‘Q1 2018’) financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO commented, ‘2018 is off to a strong start with higher underground grades and volume driving higher gold production and lower costs. Free cash flow generation of \$3.2 million, or \$0.02 per share after investment of \$8.5 million back into the properties has allowed the company to build its cash position by nearly \$4.4 million. We expect costs to continue to trend downwards in the second half of the year, when we open two new stopes in both the 303 and 7 Zones. Lower general and administrative costs are also benefitting costs on an all-in sustaining basis. During the quarter, the cash position increased from \$22.1 million at the end of 2017 to \$26.5 million at the end of Q1 2018.’

‘Cash flows will continue to be used to aggressively drill underground at the Eagle River Underground Mine and the Kiena Complex. The objective at the Eagle River mine is to expand all three parallel Zones, with a focus on the 300 and 7 Zones, increase reserves, and diversify production areas within existing infrastructure to further increase the ratio of Eagle River Underground ore versus Mishi Open Pit ore to the mill. In Q1, this strategy began to take effect with 57% of tonnes delivered to the mill coming from the Eagle River Underground Mine versus 50% in 2017. We expect the higher ratio of Eagle River Underground ore to continue throughout 2018.’

‘At Kiena, this is a year of assessment where we will be drilling 50,000 metres underground including the Kiena Deep A and Upper Quartz Zones. The objective of this year’s program is to complete a resource update on the Kiena Deep discovery and we are well underway with over 13,000 metres completed to date and we have just added a fourth underground drill.’

Key operating and financial highlights of the Q1 2018 results include:

- Gold production of 17,949 ounces from the Eagle River Complex, a 18% increase over the same period in the previous year (Q1 2017: 15,162 ounces):
 - Eagle River Underground 44,480 tonnes at a head grade of 12.0 grams per tonne (‘g/t Au’) for 16,398 ounces produced, 21% increase over the previous year (Q1 2017: 13,588 ounces).
 - Mishi Open Pit 32,846 tonnes at a head grade of 1.8 g/t Au for 1,550 ounces produced (Q1 2017: 1,574 ounces).
- Revenue of \$26.2 million, a 30% increase over the previous year (Q1 2017: \$20.1 million).
- Ounces sold 15,430 at an average sales price of \$1,698/oz (Q1 2017: 12,320 ounces at an average price of \$1,631/oz).
- Cash costs¹ of \$999/oz or US\$790/oz, a 12% decrease over the same period in 2017 (Q1 2017: \$1,134/oz or US\$857/oz).
- All-in sustaining costs (‘AISC’) ¹ of \$1,342/oz or US\$1,061/oz, a 17% decrease over the same period in 2017 (Q1 2017: \$1,613/oz or US\$1,219/oz).
- Earned mine profit¹ of \$10.8 million, a 76% increase over Q1 2017 (Q1 2017 - \$6.1 million).

- Operating cash flow of \$12.4 million or \$0.09 per share a 190% increase over the previous year (Q1 2017: \$4.3 million or \$0.03 per share).
- Free cash flow of \$3.2 million or \$0.02 per share¹ (Q1 2017: outflow of \$5.9 million or (\$0.05) per share).
- Net income of \$2.9 million or \$0.02 per share (Q1 2017: \$0.7 million or \$0.01 per share). Net income (adjusted)¹ was \$2.9 million or \$0.02 per share.
- Cash position of \$26.5 million.

¹ Refer to the Company's 2018 Interim Management Discussion and Analysis for the three months ended March 31, 2018, section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.

Exploration Highlights for Q1 2018

Eagle River

- Mineral Reserves at Eagle River increased by 21% to 416,000 ounces of gold; grade increased by 32% compared to Q1 2017.
- Development drifting on 7 Zone continues to return longer than average strike lengths including a combined 23.8 km.

Kiena

- The development of the Kiena Deep exploration ramp at the 1000 m-level commenced early August 2017 is now 80% complete.
- Initial drilling at Kiena Deep A Zone intersected visible gold in several drill holes within predominantly shear zone.
- In addition, development on cross-cut level 102 and 103 northeast exposed a narrow-laminated quartz vein, named Kiena Deep A Zone.
- One drill has been actively drilling several auxiliary targets near existing underground development including the Kiena Deep A Zone.

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 2018 First Quarter Financial Results Conference Call:

May 2, 2018 at 10:00 am ET:

North American Toll Free: + 1 (844) 202-7109
 International Dial-In Number: +1 (703) 639-1272
 Conference ID: 7789489
 Webcast link: <https://edge.media-server.com/m6/p/zpgsbymys>

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

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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	
	March 31	
	2018	2017
Operating data		
Milling (tonnes)		
Eagle River	44,480	38,578
Mishi	32,846	36,641
Throughput ²	77,326	75,219
Head grades (g/t)		
Eagle River	12.0	11.5
Mishi	1.8	1.7
Recovery (%)		
Eagle River	95.4	95.3
Mishi	81.6	80.9
Production (ounces)		
Eagle River	16,398	13,588
Mishi	1,550	1,574
Total gold produced ²	17,948	15,162
Total gold sales (ounces)	15,430	12,320
Eagle River Complex (per ounce of gold sold) ¹		
Average realized price	\$ 1,698	\$ 1,631
Cash costs	999	1,134
Cash margin	\$ 699	\$ 497
All-in Sustaining Costs ¹	\$ 1,342	\$ 1,613
Mine operating costs/tonne milled ¹	\$ 208	\$ 213
Average 1 USD & rarr; CAD exchange rate	1.2647	1.3236
Cash costs per ounce of gold sold (US\$) ¹	\$ 790	\$ 857
All-in Sustaining Costs (US\$) ¹	\$ 1,061	\$ 1,219
Financial Data		
Mine profit ¹	\$ 10,774	\$ 6,127
Net income	\$ 2,859	\$ 695
Net income adjusted ¹	\$ 2,859	\$ 695
Operating cash flow	\$ 12,423	\$ 4,318
Free cash flow	\$ 3,216	\$ (5,942)
Per share data		
Net income	\$ 0.02	\$ 0.01
Adjusted net earnings ¹	\$ 0.02	\$ 0.01
Operating cash flow	\$ 0.09	\$ 0.03
Free cash flow ¹	\$ 0.02	\$ (0.05)

Notes

1. Refer to the Company's Interim Management Discussion and Analysis for the three months ended March 31, 2018, section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.
2. Totals for tonnage and gold ounces information may not add due to rounding.

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Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)

	March 31, 2018	December 31, 2017
Assets		
Current		
Cash and cash equivalents	\$ 26,460	\$ 22,092
Accounts receivables and prepaids	2,719	3,821
Tax receivable	2,095	1,932
Inventories	7,259	5,314
Total current assets	38,533	33,159
Deferred income tax assets	4,286	5,450
Mining properties, plant and equipment	81,332	81,375
Exploration properties	64,921	59,929
Total assets	\$ 189,072	\$ 179,913
Liabilities		
Current		
Accounts payables and accruals	\$ 22,133	\$ 17,003
Mining and income taxes payable	1,152	671
Current portion of obligations under finance leases	2,506	2,541
Total current liabilities	25,791	20,215
Obligations under finance leases	3,359	3,983
Deferred mining tax liability	6,457	6,300
Decommissioning provisions	11,296	11,192
Total liabilities	46,903	41,690
Equity		
Equity attributable to owners of the Company		
Capital stock	164,509	164,161
Contributed surplus	4,673	3,967
Deficit	(27,013)	(29,905)
Total equity attributable to owners of the Company	142,169	138,223
Total liabilities and equity	\$ 189,072	\$ 179,913

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Interim Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)
(Expressed in thousands of Canadian dollars except for per share amounts)

	Three Months Ended	
	March 31	
	2018	2017
Revenues	\$ 26,217	\$ 20,100
Cost of sales	18,764	16,118
Gross profit	7,453	3,982
Other expenses		

Corporate and general	1,077	1,431
Share-based payments	867	864
Kiena care and maintenance	456	221
Write-off of mining equipment	281	-
	2,681	2,516
Operating income	4,772	1,466
Interest on long-term debt	(51)	(260)
Accretion of decommissioning provisions	(104)	(172)
Interest and other	44	101
Exploration credits refund		-
Income before mining and income tax	4,661	1,135
Mining and income tax expense		
Current	481	-
Deferred	1,321	440
	1,802	440
Net income and total comprehensive income	\$ 2,859	\$ 695
Net earnings per share		
Basic	\$ 0.02	\$ 0.01
Diluted	\$ 0.02	\$ 0.01
Weighted average number of common shares (000s)		
Basic	134,132	130,658
Diluted	135,148	133,736

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Interim Condensed Consolidated Statements of Total Equity (Unaudited)

For the three months ended March 31, 2018

(Expressed in thousands of Canadian dollars)

	Capital Stock	Contributed Surplus	Equity Component of Convertible Debentures	Deficit	Total Equity
Balance, December 31, 2016	\$ 156,402	\$ 2,173	\$ 932	\$ (32,106)	\$ 127,401
Net income for the period ended					
March 31, 2017	-	-	-	695	695
Conversion of convertible debentures	2,075	-	(278)	278	2,075
Exercise of options	1,670	-	-	-	1,670
Value attributed to options exercised	808	(808)	-	-	-
Value attributed to options expired	-	(13)	-	13	-
Share based payments	-	864	-	-	864
Balance, March 31, 2017	\$ 160,955	\$ 2,216	\$ 654	\$ (31,120)	\$ 132,705
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	220	-	-	-	220
Value attributed to options exercised	128	(128)	-	-	-
Value attributed to options expired	-	(33)	-	33	-
Share-based payments	-	867	-	-	867
Balance, March 31, 2018	\$ 164,509	\$ 4,673	\$ -	\$ (27,013)	\$ 142,169

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Interim Condensed Consolidated Statements of Cash Flows
(Unaudited, expressed in thousands of Canadian dollars)

	Three Months Ended	
	March 31	
	2018	2017
Operating activities		
Net income	\$ 2,859	\$ 695
Depletion and depreciation	3,321	2,145
Deferred mining and income tax expense	1,321	440
Mining tax received	-	900
Share-based payments	867	864
Decommissioning provisions	104	172
Interest on long-term debt	51	86
Accretion of discount on convertible debentures	-	90
Write-off of mining equipment	281	-
	8,804	5,392
Net changes in non-cash working capital	3,619	(1,074)
Net cash provided by operating activities	12,423	4,318
Financing activities		
Exercise of options	220	1,670
Lease payments	(659)	(645)
Interest paid	(51)	(86)
Net cash (used in) provided by financing activities	(490)	939
Investing activities		
Additions to mining properties	(3,556)	(3,803)
Additions to exploration properties	(4,992)	(5,788)
Funds released from (held against) standby letters of credit	-	6,920
Net changes in non-cash working capital	983	247
Net cash used in investing activities	(7,565)	(2,424)
Increase (decrease) in cash and cash equivalents	4,368	2,833
Cash and cash equivalents, beginning of period	22,092	26,760
Cash and cash equivalents, end of period	\$ 26,460	\$ 29,593
Cash and cash equivalents consist of:		
Cash	\$ 17,460	\$ 12,703
Term deposits	9,000	16,890
	\$ 26,460	\$ 29,593

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 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 133.9 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, average realized price of gold sold; cash costs per ounce of gold sold; production costs per tonne milled; mine profit (loss); all-in sustaining costs per ounce of gold sold; free cash flow and operating and free cash flow per share; and net income (adjusted) and adjusted net earnings per share. 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 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.

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