

# Wesdome Announces 2019 First Quarter Financial Results

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TORONTO, May 08, 2019 - [Wesdome Gold Mines Ltd.](#) (TSX: WDO) (“Wesdome” or the “Company”) today announces first quarter (“Q1 2019”) financial results. All figures are stated in Canadian dollars unless otherwise noted.

“Mr. Duncan Middlemiss, President and CEO commented, “In Q1 2019, the Eagle River underground mine delivered a head grade of 18.5 grams per tonne, versus guidance of 15.5 – 16.5 grams per tonne, primarily due to higher grades than anticipated within the 303 lens. As a result, both cash and all-in sustaining costs per ounce were at the lower end of guidance ranges. A number of other accomplishments were completed in Q1 including increased mine development rates, a build up a surface stockpile for both Eagle and Mishi ore for next quarter’s production, and the early completion of mill improvements originally scheduled for Q2. Free cash flow for the quarter was neutral, which was within expectations. We expect to return to positive free cash flow generation in the second half of the year when production increases and underground development rates decrease slightly. The Eagle River operation continues to fund the company’s major exploration and development programs at both Eagle River and Kiena mines.”

Key operating and financial highlights of the Q1 2019 results include:

- Gold production of 19,010 ounces from the Eagle River Complex, a 6% increase over the same period in the previous year (Q1 2018: 17,948 ounces):
  - Eagle River Underground 30,941 tonnes at a head grade of 18.5 grams per tonne (“g/t Au”) for 17,955 ounces produced, 9% increase over the previous year (Q1 2018: 16,398 ounces).
  - Mishi Open Pit 18,470 tonnes at a head grade of 2.2 g/t Au for 1,055 ounces produced (Q1 2018: 1,550 ounces).
- Revenue of \$32.5 million, a 24% increase over the previous year (Q1 2018: \$26.2 million).
- Ounces sold 18,760 at an average sales price of \$1,733/oz (Q1 2018: 15,430 ounces at an average price of \$1,698/oz).
- Cash costs<sup>1</sup> of \$866/oz or US\$651/oz, a 13% decrease over the same period in 2018 (Q1 2018: \$999/oz or US\$790/oz).
- All-in sustaining costs (“AISC”) <sup>1</sup> of \$1,311/oz or US\$986/oz, a 2% decrease over the same period in 2018 (Q1 2018: \$1,342/oz or US\$1,061/oz).
- Earned mine profit<sup>1</sup> of \$16.3 million, a 51% increase over Q1 2018 (Q1 2018 - \$10.8 million).
- Operating cash flow of \$12.6 million or \$0.09 per share<sup>1</sup> as compared to \$12.4 million or \$0.09 per share for the same period in 2018.
- Invested \$6.6 million in exploration expenditures at Eagle River and Kiena Complexes during the quarter (Q1 2018 - \$5.0 million)
- Free cash outflow of \$0.4 million or nil, on a per share<sup>1</sup> basis (Q1 2018: free cash flow of \$3.2 million or \$0.02 per share).
- Net income of \$8.1 million or \$0.06 per share (Q1 2018: \$2.9 million or \$0.02 per share). Net income (adjusted) <sup>1</sup> was \$5.7 million or \$0.04 per share (Q1 2018: \$2.9 million or \$0.02 per share).
- Cash position of \$27.8 million.

<sup>1</sup> Refer to the Company’s 2019 First Quarter Management Discussion and Analysis, section entitled “Non-IFRS Performance Measures” for the reconciliation of these non-IFRS measurements to the financial statements.

Exploration Highlights for Q1 2019

## Eagle River

- The mining of the 303 Zone between the 844 metre level (&ldquo;m-level&rdquo;) and the first sub-level above c
- Ongoing development on 1,038 metre level (&ldquo;m-level&rdquo;) has now extended 7 Zone over 146 m in str
- Ongoing drilling and initial drift development along the 300W Zone has confirmed the continuity and strike length
- Exploration drilling from the 758 m-level in the eastern half of the mine diorite has continued during the quarter to

## Kiena

- Since the October 12th cut-off date for drill data used in the recent resource estimate released on December 12,
- The ongoing definition/infill drilling has continued to confirm the overall continuity of the geometry and the high gr
- Additionally, the ongoing drilling has continued to expand the Kiena Deep A Zone up and down plunge. Down plu
- Also, drilling is now only starting to test the more vertical, eastern structure/fold limb that is interpreted to be the p
- Drilling from 67 level is continuing to test the potential up plunge of the A Zone in the vicinity of the VC zone area

Our 2019 underground exploration program calls for 50,000 m of drilling with 5 drills in preparation for an updated reso

## 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 &ndash; Standards of Disclosure for Mineral Projects (&ldquo;NI 43-101&rdquo;); as required by Canadian securities regulatory authorities. The United States Securities and Exchange Commission (the &ldquo;SEC&rdquo;) applies different standards in order to classify and report mineralization. This news release uses the terms &ldquo;measured&rdquo;, &ldquo;indicated&rdquo; and &ldquo;inferred&rdquo; 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, &ldquo;inferred&rdquo; 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 2019 First Quarter Financial Results Conference Call:

May 9, 2019 at 10:00 am ET:

North American Toll Free: + 1 (844) 202-7109  
International Dial-In Number: +1 (703) 639-1272  
Conference ID: 9496715  
Webcast link: <https://edge.media-server.com/m6/p/evgw6ovv>

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

[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	
	March 31	
	2019	2018
Operating data		
Milling (tonnes)		
Eagle River	30,941	44,480
Mishi	18,470	32,846
Throughput <sup>2</sup>	49,411	77,326
Head grades (g/t)		
Eagle River	18.5	12.0
Mishi	2.2	1.8
Recovery (%)		
Eagle River	97.6	95.4
Mishi	80.6	81.6
Production (ounces)		
Eagle River	17,955	16,398
Mishi	1,055	1,550
Total gold produced <sup>2</sup>	19,010	17,948
Total gold sales (ounces)	18,760	15,430
Eagle River Complex (per ounce of gold sold) <sup>1</sup>		
Average realized price	\$ 1,733	\$ 1,698
Cash costs	866	999
Cash margin	\$ 867	\$ 699
All-in Sustaining Costs <sup>1</sup>	\$ 1,311	\$ 1,342
Average 1 USD &#x2013; CAD exchange rate	1.3295	1.2647
Cash costs per ounce of gold sold (US\$) <sup>1</sup>	\$ 651	\$ 790
All-in Sustaining Costs (US\$) <sup>1</sup>	\$ 986	\$ 1,061
Financial Data		
Mine profit <sup>1</sup>	\$ 16,259	\$ 10,774
Net income	\$ 8,092	\$ 2,859
Net income adjusted <sup>1</sup>	\$ 5,723	\$ 2,859
Operating cash flow	\$ 12,581	\$ 12,423
Free cash flow (outflow) <sup>1</sup>	\$ (429)	) \$ 3,216
Per share data		
Net income	\$ 0.06	\$ 0.02
Adjusted net earnings <sup>1</sup>	\$ 0.04	\$ 0.02
Operating cash flow	\$ 0.09	\$ 0.09
Free cash flow (outflow) <sup>1</sup>	\$ -	\$ 0.02

## Notes

1. Refer to the Company's 2019 First Quarter Management Discussion and Analysis, 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.

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

	As of March 31, 2019	As of December 31, 2018
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 27,847	\$ 27,378
Receivables and prepaids	1,351	548
Sales tax receivable	4,058	2,342
Inventories	11,977	8,302
Total current assets	45,233	38,570
Mining properties, plant and equipment	93,545	89,643
Exploration properties	86,962	81,424
Total assets	\$ 225,740	\$ 209,637
<b>Liabilities</b>		
<b>Current</b>		
Payables and accruals	\$ 22,175	\$ 22,526
Income and mining tax payable	1,149	180
Current portion of lease liabilities	5,153	4,552
Total current liabilities	28,477	27,258
Lease liabilities	5,718	5,248
Deferred income and mining tax liabilities	11,375	8,259
Decommissioning provisions	11,868	11,663
Total liabilities	57,438	52,428
<b>Equity</b>		
<b>Equity attributable to owners of the Company</b>		
Capital stock	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

[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 March 31	
	2019	2018
Revenues	\$ 32,535	\$ 26,217
Cost of sales	20,185	18,764
Gross profit	12,350	7,453
<b>Other expenses</b>		
Corporate and general	2,008	1,077
Share-based payments	1,099	867
Kiena care and maintenance	-	456

Write-off of mining equipment	-	281
	3,107	2,681
Operating income	9,243	4,772
Quebec exploration credits refund	2,867	-
Interest on long-term debt	(112 )	(51 )
Accretion of decommissioning provisions	(115 )	(104 )
Interest and other	294	44
Income before mining and income tax	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
Net earnings per share		
Basic	\$ 0.06	\$ 0.02
Diluted	\$ 0.06	\$ 0.02
Weighted average number of common shares (000s)		
Basic	135,788	134,132
Diluted	139,550	135,148

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Condensed Interim Consolidated Statements of Changes in Equity  
(Unaudited, expressed in thousands of Canadian dollars)

	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	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
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	1,902	-	-	1,902
Value attributed to options exercised	933	(933 )	-	-
Value attributed to options expired	-	(59 )	59	-
Share-based payments	-	1,099	-	1,099
Value attributed to RSU exercised	253	(253 )	-	-
Balance, March 31, 2019	\$ 169,475	\$ 5,631	\$ (6,804 )	\$ 168,302

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

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	1,099	867
Accretion of decommission provisions	115	104
Deferred income and mining tax expense	3,117	1,321
Interest on long-term debt	112	51
Write-off of mining equipment	-	281
	16,444	8,804
Net changes in non-cash working capital	(3,863 )	3,619
Net cash from operating activities	12,581	12,423
Financing activities		
Exercise of options	1,902	220
Payments of lease liabilities	(1,255 )	(659 )
Interest paid	(112 )	(51 )
Net cash from (used in) provided by 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	(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

#### 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 136.4 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.*

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