

# Wesdome Announces 2019 Second Quarter Financial Results

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TORONTO, Aug. 08, 2019 - [Wesdome Gold Mines Ltd.](#) (TSX: WDO) ("Wesdome" or the "Company") today announces second quarter ("Q2 2019") financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO commented, "In Q2, the Eagle River operations generated \$6.7 million in free cash flow, of which \$5.5 million was reinvested into the Kiena Complex. Cash and all-in sustaining costs were lower than the previous quarter, with all-in sustaining costs of \$1,220 per ounce (US\$912) lower than our guidance range \$1,280 - \$1,350 (US\$985 - \$1,040). During the quarter, we launched an additional capital project pertaining to our Eagle River tailings facility. This project will cost approximately \$6.5 million in capital, of which \$1.5 million has been spent, and will ensure the Company is well positioned for the future. The Company guided 72,000 – 80,000 ounces of production for the year and with 41,446 ounces produced in the first half of the year, we are on track to exceed the top end of our guidance range."

"At Kiena, we continue to infill drill the Kiena Deep discovery, where the continuity of high grade mineralization continues to be confirmed within the A Zone. We expect to publish an updated resource the second half of this year followed by a PEA in early 2020 outlining our next steps for the project."

Key operating and financial highlights of the Q2 2019 results include:

- Gold production of 22,437 ounces from the Eagle River Complex, a 35% increase over the same period in the previous year (Q2 2018: 16,628 ounces):
  - Eagle River Underground 28,754 tonnes at a head grade of 23.4 grams per tonne ("g/t Au") for 20,873 ounces produced, 41% increase over the previous year (Q2 2018: 14,767 ounces).
  - Mishi Open Pit 18,623 tonnes at a head grade of 3.0 g/t Au for 1,564 ounces produced (Q2 2018: 1,860 ounces).
- Revenue of \$42.3 million, a 34% increase over the previous year (Q2 2018: \$31.4 million).
- Ounces sold 24,113 at an average sales price of \$1,752/oz (Q2 2018: 18,573 ounces at an average price of \$1,692/oz).
- Cash costs<sup>1</sup> of \$837/oz or US\$626/oz, a 6% decrease over the same period in 2018 (Q2 2018: \$886/oz or US\$686/oz).
- All-in sustaining costs ("AISC")<sup>1</sup> of \$1,220/oz or US\$912/oz, a 2% decrease over the same period in 2018 (Q2 2018: \$1,242/oz or US\$962/oz).
- Earned mine profit<sup>1</sup> of \$22.1 million, a 47% increase over Q2 2018 (Q2 2018 - \$15.0 million).
- Operating cash flow of \$15.4 million or \$0.11 per share<sup>1</sup> as compared to \$12.4 million or \$0.09 per share for the same period in 2018.
- Invested \$6.0 million in exploration expenditures at Eagle River and Kiena Complexes during the quarter (Q2 2018 - \$5.1 million)
- Free cash flow of \$1.2 million, net of an investment of \$5.5 million in Kiena, or \$0.01 per share<sup>1</sup> (Q2 2018: free cash flow of \$2.0 million or \$0.01 per share).
- Net income and Net income (adjusted)<sup>1</sup> of \$8.3 million or \$0.06 per share (Q2 2018: \$5.7 million or \$0.04 per share).
- Cash position of \$27.4 million.

1. Refer to the Company's 2019 Second 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 Q2 2019

Eagle River

- The mining of the 303 Zone between the first and the second sub-level above the 844 metre level ("m-level") continued in Q2 2019 and confirmed the continuity of the strong grades and the geometry of the mineralized zone. The development of the remainder of the 300 Zone in that area will take place once the 303 zone is completed. A new mining horizon in the 303 Zone is being developed between the 884 m-level and the 925 m-level. The development work is scheduled in Q4 this year. Exploration drilling continued on the 925 m-level to prepare the 300E zone for mining.
- Recent development and drilling have continued to expand the 7 East Zone along strike and down plunge to the southeast side of a northeast transecting diabase dyke that offsets the eastern extension approximately 20 m. This extension is a substantial addition of potential resources compared to previous interpretations, and thus will be an ongoing focus of 2019 drilling.
- Ongoing drilling and initial drift development along the 311 W Zone has confirmed the continuity and strike length of 145 m grading 28.8 g/t Au with a 1.8 m average width and has extended the mineralized zone in excess of 50 m further west than the previously interpreted diorite contact and remains open and therefore a focus for 2019 drilling.
- Exploration drilling from the 758 m-level in the eastern half of the mine diorite has continued during the quarter to better define the new intersected zones that is interpreted to be parallel zones north of the past producing 6 and 8 zones and could be the possible extensions of the parallel 7 Zone and 300 Zone structures being mined further to the west.
- Surface drilling in the volcanics to the west of the mine diorite encountered the Falcon 7 and Falcon 300 zones, with one drill hole returning 18.5 g/t Au over 5.8 m core length. These zones are interpreted to be extensions of the 300 and 7 zone structures which lie approximately 200 m to the east within the mine diorite.

#### Kiena

- Four drills continue to operate on the 1050 m-level exploration ramp completing the infill and immediate plunge extension drilling of the Kiena Deep A Zone in preparation for an updated resource estimate expected in H2 2019. The A Zone remains open at depth and one drill is dedicated to testing this prospective area. The ongoing definition drilling has continued to confirm the overall continuity of the geometry and the high-grade gold mineralization of the Kiena Deep A Zone that now extends over 700 m along plunge. Meanwhile a 5th drill is located on the 670 m-level and continues to return high grade intersections along the interpreted-up plunge extension of the Kiena Deep A Zone towards the VC zone area with one hole returning 31.1 g/t Au over 5.1 m. It is now interpreted that A Zone is folded as it extends up plunge to intersect the VC6 zone.
- Our 2019 underground exploration program calls for 50,000 m of drilling in preparation for an updated resource estimate near the end of Q3. This information will then lead into a Preliminary Economic Assessment expected in Q1 2020 and next steps will be determined at that juncture.

#### 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 2019 Second Quarter Financial Results Conference Call:

August 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: 2699395  
Webcast link: <https://edge.media-server.com/mmc/p/37aef2h5>

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 137.0 million shares issued and outstanding and trades on the Toronto Stock Exchange under the symbol "WDO".

For further information, please contact:

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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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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 June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Operating data				
Milling (tonnes)				
Eagle River	28,754	43,378	59,695	87,858
Mishi	18,623	25,233	37,093	58,079
Throughput <sup>2</sup>	47,377	68,610	96,788	145,937
Head grades (g/t)				
Eagle River	23.4	11.0	20.9	11.5
Mishi	3.0	2.7	2.6	2.2
Recovery (%)				
Eagle River	96.4	96.2	96.9	95.8
Mishi	85.2	83.6	83.3	82.7
Production (ounces)				
Eagle River	20,873	14,767	38,828	31,166
Mishi	1,564	1,860	2,618	3,411
Total gold produced <sup>2</sup>	22,437	16,628	41,446	34,576
Total gold sales (ounces)	24,113	18,573	42,873	34,003
Eagle River Complex (per ounce of gold sold) <sup>1</sup>				
Average realized price	\$ 1,752	\$ 1,692	\$ 1,743	\$ 1,694
Cash costs	837	886	850	937
Cash margin	\$ 915	\$ 806	\$ 893	\$ 757
All-in Sustaining Costs <sup>1</sup>	\$ 1,220	\$ 1,242	\$ 1,260	\$ 1,288
Average 1 USD & rarr; CAD exchange rate	1.3377	1.2911	1.3336	1.2781
Cash costs per ounce of gold sold (US\$) <sup>1</sup>	\$ 626	\$ 686	\$ 637	\$ 733
All-in Sustaining Costs (US\$) <sup>1</sup>	\$ 912	\$ 962	\$ 945	\$ 1,007
Financial Data				
Mine profit <sup>1</sup>	\$ 22,055	\$ 14,957	\$ 38,314	\$ 25,731
Net income	\$ 8,327	\$ 5,725	\$ 16,419	\$ 8,584
Net income adjusted <sup>1</sup>	\$ 8,327	\$ 5,725	\$ 14,050	\$ 8,584
Operating cash flow	\$ 15,400	\$ 12,422	\$ 27,981	\$ 24,845
Free cash flow (outflow) <sup>1</sup>	\$ 1,155	\$ 1,962	\$ 726	\$ 5,178
Per share data				
Net income	\$ 0.06	\$ 0.04	\$ 0.12	\$ 0.06
Adjusted net earnings <sup>1</sup>	\$ 0.06	\$ 0.04	\$ 0.10	\$ 0.06
Operating cash flow <sup>1</sup>	\$ 0.11	\$ 0.09	\$ 0.21	\$ 0.19

Free cash flow (outflow) <sup>1</sup>	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.04
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Condensed Interim Consolidated Statements of Financial Position  
(Unaudited, expressed in thousands of Canadian dollars)

	June 30, 2019	December 31, 2018
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 27,395	\$ 27,378
Receivables and prepaids	2,110	548
Sales tax receivable	6,882	2,342
Inventories	12,604	8,302
Total current assets	48,991	38,570
Restricted Cash	627	-
Mining properties, plant and equipment	96,521	89,643
Exploration properties	92,460	81,424
Total assets	\$ 238,599	\$ 209,637
<b>Liabilities</b>		
<b>Current</b>		
Payables and accruals	\$ 20,604	\$ 22,526
Income and mining tax payable	1,174	180
Current portion of lease liabilities	6,667	4,552
Total current liabilities	28,445	27,258
Lease liabilities	3,486	5,248
Deferred income and mining tax liabilities	14,819	8,259
Decommissioning provisions	13,375	11,663
Total liabilities	60,125	52,428
<b>Equity</b>		
Equity attributable to owners of the Company		
Capital stock	170,813	166,387
Contributed surplus	6,106	5,777
Retained earnings (deficit)	1,555	(14,955)
Total equity attributable to owners of the Company	178,474	157,209
Total liabilities and equity	\$ 238,599	\$ 209,637

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

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2019	2018	2019	2018
Revenues	\$ 42,276	\$ 31,443	\$ 74,811	\$ 57,660
Cost of sales	26,571	20,405	46,756	39,169
Gross profit	15,705	11,038	28,055	18,491
Other expenses				

Corporate and general	1,498	1,416	3,506	2,493
Share-based payments	1,056	964	2,155	1,831
Kiena care and maintenance	-	321	-	777
Write-off of mining equipment	-	9	-	290
	2,554	2,710	5,661	5,391
Operating income	13,151	8,328	22,394	13,100
Quebec exploration credits refund	-	-	2,867	-
Interest on long-term debt	(114 )	(72 )	(226 )	(123 )
Accretion of decommissioning provisions	(122 )	(104 )	(237 )	(208 )
Interest and other	31	1,105	325	1,149
Income before mining and income tax	12,946	9,257	25,123	13,918
Income and mining tax expense				
Current	1,175	727	2,143	1,208
Deferred	3,444	2,805	6,561	4,126
	4,619	3,532	8,704	5,334
Net income and total comprehensive income	\$ 8,327	\$ 5,725	\$ 16,419	\$ 8,584
Net earnings per share				
Basic	\$ 0.06	\$ 0.04	\$ 0.12	\$ 0.06
Diluted	\$ 0.06	\$ 0.04	\$ 0.12	\$ 0.06
Weighted average number of common shares (000s)				
Basic	136,740	134,276	136,266	134,204
Diluted	139,661	135,646	139,492	135,340

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

	Capital Stock	Contributed Surplus	Accumulated Income (Deficit)	Total Equity
Balance, December 31, 2017	\$ 164,161	\$ 3,967	\$ (29,905 )	\$ 138,223
Net income for the period ended				
June 30, 2018	-	-	8,584	8,584
Exercise of options	309	-	-	309
Value attributed to options exercised	179	(179 )	-	-
Value attributed to options expired	-	(33 )	33	-
Share based payments	-	1,831	-	1,831
Balance, June 30, 2018	\$ 164,649	\$ 5,586	\$ (21,288 )	\$ 148,947
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	-
Share-based payments	-	2,155	-	2,155
Value attributed to DSU redeemed	175	(175 )	-	-
Value attributed to RSU exercised	253	(253 )	-	-
Balance, March 31, 2019	\$ 170,813	\$ 6,106	\$ 1,555	\$ 178,474

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

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Operating activities				
Net income	\$ 8,327	\$ 5,725	\$ 16,419	\$ 8,584
Depletion and depreciation	6,350	3,919	10,259	7,240
Share based payments	1,056	964	2,155	1,831
Accretion of decommission provisions	122	104	237	208
Deferred income and mining tax expense	3,444	2,805	6,561	4,126
Interest on long-term debt and other	123	72	235	123
Write-off of mining equipment	-	9	-	290
	19,422	13,598	35,866	22,402
Net changes in non-cash working capital	(2,942 )	(483 )	(6,805 )	3,136
Mining tax paid	(1,080 )	(693 )	(1,080 )	(693 )
Net cash from operating activities	15,400	12,422	27,981	24,845
Financing activities				
Exercise of options	789	89	2,691	309
Payments of lease liabilities	(1,316 )	(956 )	(2,571 )	(1,615 )
Interest paid	(114 )	(72 )	(226 )	(123 )
Net cash used in financing activities	(641 )	(939 )	(106 )	(1,429 )
Investing activities				
Additions to mining properties	(6,804 )	(4,433 )	(13,021 )	(7,989 )
Additions to exploration properties	(5,498 )	(5,071 )	(11,036 )	(10,063 )
Funds held against standby letter of credit and cash deposit	(627 )	-	(627 )	-
Net changes in non-cash working capital	(2,282 )	(1,720 )	(3,174 )	(737 )
Net cash used in investing activities	(15,211 )	(11,224 )	(27,858 )	(18,789 )
Increase in cash and cash equivalents	(452 )	259	17	4,627
Cash and cash equivalents, beginning of period	27,847	26,460	27,378	22,092
Cash and cash equivalents, end of period	\$ 27,395	\$ 26,719	\$ 27,395	\$ 26,719
Cash and cash equivalents consist of:				
Cash	\$ 13,395	\$ 17,677	\$ 13,395	\$ 17,677
Term deposits	14,000	9,042	14,000	9,042
	\$ 27,395	\$ 26,719	\$ 27,395	\$ 26,719

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