

# Wesdome Announces 2019 Third Quarter Financial Results

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TORONTO, Nov. 06, 2019 - [Wesdome Gold Mines Ltd.](#) (TSX: WDO) ("Wesdome" or the "Company") today announces third quarter ("Q3 2019") financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO commented, "In Q3, cash costs of \$815 (US\$618) per ounce were relatively flat over the previous quarter (\$837 of US\$626 per ounce). All-in sustaining costs of \$1,344 (US\$1,018) per ounce were higher than those incurred in Q2 (\$1,220 or US\$912 per ounce) due to a \$4 million investment, or \$168 (US\$128) per ounce into the tailings management facility. This project will provide for an additional 4 years capacity at current mill feed. Despite our higher sustaining, project, and exploration expenditures during the quarter, the company was able to generate \$9.2 million in free cash flow, thereby resulting in a cash position at the end of the quarter of \$38.6 million."

"Due to continued superb performance of the 303 Lens, we have increased 2019 guidance from 72,000 - 80,000 ounces to 88,000 to 93,000 ounces, with 70,356 ounces produced to the third quarter. Recent exploration results have extended the 303 Lens 300 metres down plunge where it remains open. Year to date cost of \$838 (US\$630) per ounce cash costs and \$1,290 (US\$970 per ounce AISC) are both at the low end of cost guidance of \$830 - \$900 (US\$640 - US\$690) an ounce on cash costs per ounce and \$1,280 - \$1,350 (US\$985 - 1,040) an ounce on AISC. We expect ounce production in the fourth quarter to be in the 19,000 - 22,000 range as we plan to process some of the Mishi stockpile."

"At Kiena, we released an updated Resource Estimate in September which substantially increased the Kiena Deep A Zone grade, and indicated and inferred resource ounces. The Preliminary Economic Assessment (PEA) is well underway and we expect to complete the study in Q1 2020. We are half way completed on the 790 metre level drift to further test the up plunge of the A Zone. Once completed, we will have one drill stationed there and expect to release results in the first half of 2020."

Key operating and financial highlights of the Q3 2019 results include:

- Gold production of 28,910 ounces from the Eagle River Complex, a 46% increase over the same period in the previous year (Q3 2018: 19,795 ounces):
  - Eagle River Underground 39,453 tonnes at a head grade of 23.4 grams per tonne ("g/t Au") for 28,894 ounces produced, 49% increase over the previous year (Q3 2018: 19,437 ounces).
  - Mishi Open Pit 204 tonnes at a head grade of 2.8 g/t Au for 15 ounces produced (Q3 2018: 358 ounces).
- Revenue of \$45.9 million, a 59% increase over the previous year (Q3 2018: \$28.9 million).
- Ounces sold 23,450 at an average sales price of \$1,957/oz (Q3 2018: 18,401 ounces at an average price of \$1,571/oz).
- Cash costs<sup>1</sup> of \$815/oz or US\$618/oz, neutral over the same period in 2018 (Q3 2018: \$815/oz or US\$624/oz).
- All-in sustaining costs ("AISC")<sup>1</sup> of \$1,344/oz or US\$1,018/oz, a 16% increase over the same period in 2018 (Q3 2018: \$1,160/oz or US\$888/oz), due to the investment in the tailings management facility at the Eagle River Mine in 2019.
- Earned mine profit<sup>1</sup> of \$26.8 million, a 93% increase over Q3 2018 (Q3 2018 - \$13.9 million).
- Operating cash flow of \$27.3 million or \$0.20 per share<sup>1</sup> as compared to \$12.8 million or \$0.10 per share for the same period in 2018.
- Free cash flow of \$9.2 million, net of an investment of \$5.9 million in Kiena, or \$0.07 per share<sup>1</sup> (Q3 2018: free cash flow of \$2.1 million or \$0.02 per share).
- Net income and Net income (adjusted)<sup>1</sup> of \$12.4 million or \$0.09 per share (Q3 2018: \$3.6 million or \$0.03 per share).
- Cash position increased to \$38.6 million compared to \$27.4 million in the previous quarter.



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.

## Q3 2019 HIGHLIGHTS AND ACHIEVEMENTS

### Operations and Financial Highlights

Gold production of 28,910 ounces from the Eagle River Complex.

Cash costs of \$815 (US\$618) per ounce of gold sold 1.

AISC 1 of \$1,344 (US\$1,018) per ounce.

Earned mine profit 1 of \$26.8 million.

Operating cash flow of \$27.3 million or \$0.20 per share 1.

Free cash flow of \$9.2 million or \$0.07 per share<sup>1</sup>.

Net income attributable to shareholders of \$12.4 million or \$0.09 per share.

Adjusted net income<sup>1</sup> of \$12.4 million or \$0.09 per share

1. Refer to the section entitled "Non-IFRS Performance Measures"; for the reconciliation of these non-IFRS measurements to the Financial Statements.

### Comparison to Q3 2018

Gold production increased by 46% (Q3 2018

YTD gold production of 70,356 ounces, an increase of 54,371 ounces.

Cash costs in Canadian dollars remained constant.

AISC increased by 16% (Q3 2018 - \$1,160 per ounce spent on the tailings management and

An increase of \$12.9 million or 93% when compared to Q3 2018.

Operating cash flow at a strong level at \$27.3 million, an increase in cash from working capital changes of \$1.5 million.

Eagle River generated free cash flow of \$9.2 million, an increase of \$5.2 million from Kiena and \$4.0 million spent on the TMA and

Free cash flow in Q3 2018 was \$2.1 million.

A delivery of strong net earnings and Adjusted net income performance and increasing gold prices. Net income of \$12.4 million or \$0.09 per share, respectively.

### Production and Exploration Highlights Achievements

#### Eagle River

- The mining of the 303 Zone between the second up to the fourth sub-level has been completed.
- Exploration drilling continued on the 925 m-level to prepare the 303 Lens zone for mining.
- Ongoing drilling and initial drift development along the 311 W Zone have commenced.
- Surface drilling in the volcanics to the west of the mine diorite encountered several faults.

● On September 25, 2019, Wesdome announced an updated Mineral Resource Estimate for the Kiena Deep A Zone:

- (i) Increased Kiena Deep A Zone Indicated resources from 99,300 to 405,100 ounces
- (ii) Increased Kiena Deep A Zone Inferred resources from 241,100 ounces to 330,000 ounces
- (iii) Increased Kiena Deep A Zone Indicated resource grade from 9.95 g/t Au to 10.5 g/t Au
- (iv) Increased proportion of Indicated resources to over 50% in the A Zone (versus 30% in 2018)

● Four drills continue to operate on the 1050 m-level exploration ramp completed in 2018. Geologists have interpreted that A Zone is folded as it extends up plunge to intersect the VC6 zone.

#### Kiena

● Our 2019 underground exploration program calls for 50,000 m of drilling. To date, 10,000 m of drilling has been completed.

● The development of an exploration drift on 790m level started during the quarter.

## 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 Third Quarter Financial Results Conference Call:

North American Toll Free: + 1 (844) 202-7109  
International Dial-In Number: +1 (703) 639-1272  
Conference ID: 8286736  
Webcast link: <https://edge.media-server.com/mmc/p/pfmyey7t>

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 mid-tier 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 137.2 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		Nine Months Ended	
	September 30 2019	September 30 2018	September 30 2019	September 30 2018
Operating data				
Milling (tonnes)				
Eagle River	39,453	46,777	99,148	134,635
Mishi	204	4,076	37,297	62,155
Throughput 2	39,657	50,854	136,445	196,790
Head grades (g/t)				
Eagle River	23.4	13.3	21.9	12.2
Mishi	2.8	3.4	2.6	2.3
Recovery (%)				
Eagle River	97.6	96.9	97.2	96.2
Mishi	85.5	80.9	83.3	82.5
Production (ounces)				
Eagle River	28,894	19,437	67,723	50,602
Mishi	15	358	2,633	3,769
Total gold produced 2	28,910	19,795	70,356	54,371
Total gold sales (ounces)	23,450	18,401	66,323	52,404
Eagle River Complex (per ounce of gold sold) 1				
Average realized price	\$ 1,957	\$ 1,571	\$ 1,819	\$ 1,651
Cash costs	815	815	838	894
Cash margin	\$ 1,142	\$ 756	\$ 981	\$ 757
All-in Sustaining Costs 1	\$ 1,344	\$ 1,160	\$ 1,290	\$ 1,243
Average 1 USD & rarr; CAD exchange rate	1.3204	1.3070	1.3292	1.2878
Cash costs per ounce of gold sold (US\$) 1	\$ 618	\$ 624	\$ 630	\$ 695

All-in Sustaining Costs (US\$) 1	\$ 1,018	\$ 888	\$ 970	\$ 965
Financial Data				
Mine profit 1	\$ 26,770	\$ 13,898	\$ 65,084	\$ 39,629
Net income	\$ 12,449	\$ 3,631	\$ 28,868	\$ 12,215
Net income adjusted 1	\$ 12,449	\$ 3,631	\$ 26,499	\$ 12,215
Operating cash flow	\$ 27,275	\$ 12,823	\$ 55,256	\$ 37,668
Free cash flow 1	\$ 9,199	\$ 2,137	\$ 9,925	\$ 7,315
Per share data				
Net income	\$ 0.09	\$ 0.03	\$ 0.21	\$ 0.09
Adjusted net earnings 1	\$ 0.09	\$ 0.03	\$ 0.19	\$ 0.09
Operating cash flow 1	\$ 0.20	\$ 0.10	\$ 0.40	\$ 0.28
Free cash flow 1	\$ 0.07	\$ 0.02	\$ 0.07	\$ 0.05

## Notes

1. Refer to the Company's 2019 Third 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.

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Condensed Interim Consolidated Statements of Financial Position  
(Unaudited, expressed in thousands of Canadian dollars)

	September 30, 2019	December 31, 2018
Assets		
Current		
Cash and cash equivalents	\$ 38,611	\$ 27,378
Receivables and prepaids	2,282	548
Sales tax receivable	2,648	2,342
Inventories	14,582	8,302
Total current assets	58,123	38,570
Restricted Cash	657	-
Deferred financing cost	1,054	-
Mining properties, plant and equipment	106,899	89,643
Exploration properties	98,332	81,424
Total assets	\$ 265,065	\$ 209,637
Liabilities		
Current		
Payables and accruals	\$ 22,073	\$ 22,526
Income and mining tax payable	1,379	180
Borrowings	4,358	-
Current portion of lease liabilities	2,995	4,552
Total current liabilities	30,805	27,258
Lease liabilities	5,144	5,248
Deferred income and mining tax liabilities	19,782	8,259
Decommissioning provisions	16,971	11,663
Total liabilities	72,702	52,428
Equity		
Equity attributable to owners of the Company		

Capital stock	172,184	166,387
Contributed surplus	6,133	5,777
Retained earnings (deficit)	14,046	(14,955 )
Total equity attributable to owners of the Company	192,363	157,209
Total liabilities and equity	\$ 265,065	\$ 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		Nine Months Ended	
	September 30		September 30	
	2019	2018	2019	2018
Revenues from sales	\$ 45,940	\$ 28,920	\$ 120,751	\$ 86,580
Cost of sales	25,246	20,599	72,002	59,768
Gross profit	20,694	8,321	48,749	26,812
Other expenses				
Corporate and general	1,417	1,429	4,923	3,922
Share-based compensation	486	434	2,641	2,265
Kiena care and maintenance	-	353	-	1,130
Write-off of mining equipment	-	-	-	290
	1,903	2,216	7,564	7,607
Operating income	18,791	6,105	41,185	19,205
Quebec exploration credits refund	-	-	2,867	-
Interest on long-term debt	(138 )	(68 )	(364 )	(191 )
Accretion of decommissioning provisions	(64 )	(105 )	(301 )	(313 )
Interest and other	157	79	482	1,228
Income before mining and income tax	18,746	6,011	43,869	19,929
Income and mining tax expense				
Current	1,335	663	3,478	1,871
Deferred	4,962	1,717	11,523	5,843
	6,297	2,380	15,001	7,714
Net income and total comprehensive income	\$ 12,449	\$ 3,631	\$ 28,868	\$ 12,215
Net earnings per share				
Basic	\$ 0.09	\$ 0.03	\$ 0.21	\$ 0.09
Diluted	\$ 0.09	\$ 0.03	\$ 0.21	\$ 0.09
Weighted average number of common shares (000s)				
Basic	137,302	134,754	136,615	134,390
Diluted	140,989	137,836	140,119	135,827

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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, 2017	\$ 164,161	\$ 3,967	\$ (29,905 )	\$ 138,223
Net income for the period ended				
September 30, 2018	-	-	12,215	12,215

Exercise of options	999	-	-	999
Value attributed to options exercised	500	(500	) -	-
Value attributed to options expired	-	(59	) 59	-
Share-based compensation	-	2,265	-	2,265
Balance, September 30, 2018	\$ 165,660	\$ 5,673	\$ (17,631	) \$ 153,702
Balance, December 31, 2018	\$ 166,387	\$ 5,777	\$ (14,955	) \$ 157,209
Net income for the period ended				
September 30, 2019	-	-	28,868	28,868
Exercise of options	3,645	-	-	3,645
Value attributed to options exercised	1,724	(1,724	) -	-
Value attributed to options expired	-	(133	) 133	-
Share-based compensation	-	2,641	-	2,641
Value attributed to DSUs redeemed	175	(175	) -	-
Value attributed to RSUs exercised	253	(253	) -	-
Balance, September 30, 2019	\$ 172,184	\$ 6,133	\$ 14,046	\$ 192,363

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

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2019	2018	2019	2018
Operating activities				
Net income	\$ 12,449	\$ 3,631	\$ 28,868	\$ 12,215
Depletion and depreciation	6,076	5,577	16,335	12,817
Share-based compensation	486	434	2,641	2,265
Accretion of decommission provisions	64	105	301	313
Deferred income and mining tax expense	4,962	1,717	11,523	5,843
Interest on long-term debt and other	143	68	378	191
Write-off of mining equipment	-	-	-	290
	24,180	11,532	60,046	33,934
Net changes in non-cash working capital	4,225	1,291	(2,580 )	4,427
Mining tax paid	(1,130 )	-	(2,210 )	(693 )
Net cash from operating activities	27,275	12,823	55,256	37,668
Financing activities				
Exercise of options	954	690	3,645	999
Debt issue less deferred cost	3,304	-	3,304	-
Repayment of lease liabilities	(1,558 )	(931 )	(4,129 )	(2,546 )
Termination of lease arrangements	(3,952 )	-	(3,952 )	-
Interest paid	(138 )	(68 )	(364 )	(191 )
Net cash used in financing activities	(1,390 )	(309 )	(1,496 )	(1,738 )
Investing activities				
Additions to mining properties	(10,616 )	(4,022 )	(23,637 )	(12,011 )
Additions to exploration properties	(5,872 )	(5,733 )	(16,908 )	(15,796 )
Funds held against standby letter of credit and cash deposit	(30 )	-	(657 )	-
Net changes in non-cash working capital	1,849	1,236	(1,325 )	499
Net cash used in investing activities	(14,669 )	(8,519 )	(42,527 )	(27,308 )
Increase in cash and cash equivalents	11,216	3,995	11,233	8,622
Cash and cash equivalents, beginning of period	27,395	26,719	27,378	22,092
Cash and cash equivalents, end of period	\$ 38,611	\$ 30,714	\$ 38,611	\$ 30,714

Cash and cash equivalents consist of:

Cash	\$ 38,611	\$ 21,633	\$ 38,611	\$ 21,633
Term deposits	-	9,081	-	9,081
	\$ 38,611	\$ 30,714	\$ 38,611	\$ 30,714

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