

Wesdome Announces 2020 Third Quarter Financial Results

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TORONTO, Nov. 03, 2020 - [Wesdome Gold Mines Ltd.](#) (TSX: WDO) (Wesdome; or the Company) today announces third quarter (Q3 2020) financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO commented, "During Q3, Wesdome generated operating cash flow of \$25.5 million or \$0.18 per share and free cash flow of \$3.2 million, (net of an investment of \$13.9 million in Kiena), or \$0.02 per share, ending the quarter with a cash position of \$73.5 million (Q2 2020: \$66.7 million). Cash costs for the quarter were \$1,052 per ounce (US: \$790) and All-in sustaining costs were \$1,395 per ounce (US \$1,047). Both of these unit costs are currently above the high end of our full year guidance, however we believe the AISC will decrease to the upper end of full year guidance (\$1350/ounce). Free cash flow was impacted by investments in the tailings, hoist and ventilation upgrades at Eagle River. A total of \$2.8 million was spent on these projects during the quarter in order to advance future underground production to over 600 tonnes per day. In particular the hoist upgrade was longer in duration than originally planned thereby causing significant hoisting delays within the quarter. The upgraded hoist has since been successfully commissioned and is performing well. The ventilation upgrade construction work will continue into Q4 with the installation of a second fresh air fan on surface that will provide additional haulage capacity underground. The fan will be commissioned early in Q1 2021. During Q3 the company was able to significantly invest in Eagle upgrades and the advancement of Kiena, compared to Q2 which was much more affected by the pandemic.

With YTD 2020 total gold production of 70,272 ounces at an average grade of 15.1 grams per tonne (g/t Au) at the Eagle River Underground Mine, the Company is well-positioned to achieve its full year guidance range of 90,000 to 100,000 ounces at an average grade of 15 to 16.7 g/t Au.

At Kiena, full drilling and development capacity resumed in June. We are now currently operating seven underground drills, with the focus on converting inferred resources to the indicated category. We expect to publish an updated resource estimate in Q4 2020. We are also advancing development on the 111 metre level in order to position the Company to take a bulk sample. Future bulk sampling on the A Zone will provide an opportunity to assess the geological block model and rock quality characteristics and will provide additional information to complete the ongoing Prefeasibility Study ("PFS"), expected to be completed by H1 2021.

Key operating and financial highlights of the Q3 2020 results include:

- Gold production of 20,008 ounces from the Eagle River Complex, a 30.8% decrease over the same period in the previous year (Q3 2019: 28,910 ounces) due to lower grades and the impact of COVID-19:
 - Eagle River Underground 44,667 tonnes at a head grade of 13.8 g/t Au for 19,319 ounces produced, 33.1% decrease over the previous year (Q3 2019: 28,894 ounces).
 - Mishi Open Pit 11,533 tonnes at a head grade of 2.5 g/t Au for 689 ounces produced (Q3 2019: 15 ounces).
- Revenue of \$55.0 million, a 19.7% increase over Q3 2019 (Q3 2019: \$45.9 million).
- Ounces sold 21,700 at an average sales price of \$2,532/oz (Q3 2019: 23,450 ounces at an average price of \$1,957/oz).
- Earned mine profit¹ of \$32.1 million, a 20.0% increase over Q3 2019 (Q3 2019 - \$26.8 million).
- Cash costs ¹ of \$1,052 (US\$790) per ounce of gold sold (Q3 2019 of \$815 (US\$618) due to less ounces sold and the impact of COVID-19.
- All-in sustaining costs (AISC) ¹ of \$1,395/oz or US\$1,047/oz, a 3.8% increase over the same period in 2019 (Q3 2019: \$1,344/oz or US\$1,018/oz), due to lower ounces sold; partially offset by lower sustaining capital expenditures.
- Operating cash flow of \$25.5 million or \$0.18 per share¹ as compared to \$27.3 million or \$0.20 per share for the same period in 2019.

- Free cash flow of \$3.2 million, net of an investment of \$13.9 million in Kiena, or \$0.02 per share¹ (Q3 2019: free cash flow of \$9.2 million or \$0.07 per share).
- Net income of \$14.6 million or \$0.10 per share (Q3 2019: \$12.4 million or \$0.09 per share) and Net income (adjusted)¹ of \$15.5 million or \$0.11 per share (Q3 2019: \$12.4 million or \$0.09 per share).
- Cash position increased to \$73.5 million compared to \$66.7 million in the previous quarter.

1. Refer to the Company's 2020 Third 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

- Although exploration drilling is currently operating at a reduced capacity due to COVID-19.
- With nearby development already established on the 772 and 622 m elevations.
- A surface fly drilling program has commenced with one drill to test regional targets.

Kiena

- The ongoing drilling program continues to focus on definition drilling of the 79 level.
- Seven underground drills are in operation. This drilling has continued to contribute to the 79 level.
- In addition to the ongoing drilling, access development is currently being completed on the 79 level.
- Recent drilling completed from the 79 level exploration ramp has focussed on testing regional targets.
- A 10,000 m surface drilling program has commenced to test several target areas.

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 Third Quarter Financial Results Conference Call:
November 4, 10:00 am ET. Participants are encouraged to dial in 15 minutes in advance.

North American Toll Free: + 1 (844) 202-7109
International Dial-In Number: +1 (703) 639-1272
Conference ID: 3377048
Webcast link: <https://edge.media-server.com/mmc/p/yxzv5em9>

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

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, 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		September 30	
	2020	2019	2020	2019
Operating data				
Milling (tonnes)				
Eagle River	44,667	39,453	142,890	99,148
Mishi	11,533	204	36,301	37,297
Throughput ²	56,200	39,657	179,191	136,445
Head grades (g/t)				
Eagle River	13.8	23.4	15.1	21.9
Mishi	2.5	2.8	2.7	2.6
Recovery (%)				
Eagle River	97.7	97.6	97.6	97.2
Mishi	74.7	85.5	77.8	83.3
Production (ounces)				
Eagle River	19,319	28,894	67,893	67,723
Mishi	689	15	2,379	2,633
Total gold produced ²	20,008	28,910	70,272	70,356
Total gold sales (ounces)	21,700	23,450	71,340	66,323
Eagle River Complex (per ounce of gold sold) ¹				
Average realized price	\$ 2,532	\$ 1,957	\$ 2,341	\$ 1,819
Cash costs	1,052	815	1,022	838
Cash margin	\$ 1,480	\$ 1,142	\$ 1,318	\$ 981
All-in Sustaining Costs ¹	\$ 1,395	\$ 1,344	\$ 1,348	\$ 1,290
Average 1 USD → CAD exchange rate	1.3321	1.3204	1.3541	1.3292
Cash costs per ounce of gold sold (US\$) ¹	\$ 790	\$ 618	\$ 755	\$ 630
All-in Sustaining Costs (US\$) ¹	\$ 1,047	\$ 1,018	\$ 995	\$ 970
Financial Data				
Mine profit ¹	\$ 32,116	\$ 26,770	\$ 94,039	\$ 65,084
Net income	\$ 14,614	\$ 12,449	\$ 42,224	\$ 28,868
Net income adjusted ¹	\$ 15,484	\$ 12,449	\$ 43,470	\$ 26,499
Operating cash flow	\$ 25,465	\$ 27,275	\$ 89,140	\$ 55,256
Free cash flow (outflow) ¹	\$ 3,200	\$ 9,199	\$ 37,563	\$ 9,925
Per share data				
Net income	\$ 0.10	\$ 0.09	\$ 0.30	\$ 0.21
Adjusted net earnings ¹	\$ 0.11	\$ 0.09	\$ 0.31	\$ 0.19
Operating cash flow ¹	\$ 0.18	\$ 0.20	\$ 0.64	\$ 0.40
Free cash flow ¹	\$ 0.02	\$ 0.07	\$ 0.27	\$ 0.08

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Condensed Interim Consolidated Statements of Financial Position

(Unaudited, expressed in thousands of Canadian dollars)

	September 30, 2020	December 31, 2019
Assets		

Current		
Cash and cash equivalents	\$ 73,513	\$ 35,657
Receivables and prepaids	2,993	1,996
Sales tax receivable	5,467	3,344
Inventories	9,280	19,667
Total current assets	91,253	60,664
Restricted cash	657	657
Deferred financing cost	926	988
Mineral properties, plant and equipment	123,845	116,765
Exploration properties	135,718	106,644
Total assets	\$ 352,399	\$ 285,718
Liabilities		
Current		
Borrowings	\$ -	\$ 3,636
Payables and accruals	23,646	19,219
Income and mining tax payable	2,763	1,419
Current portion of lease liabilities	5,607	3,781
Total current liabilities	32,016	28,055
Lease liabilities	5,916	5,889
Deferred income and mining tax liabilities	38,893	23,829
Decommissioning provisions	22,181	21,443
Total liabilities	99,006	79,216
Equity		
Equity attributable to owners of the Company		
Capital stock	178,874	174,789
Contributed surplus	6,172	5,590
Retained earnings	68,347	26,123
Total equity attributable to owners of the Company	253,393	206,502
	\$ 352,399	\$ 285,718

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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,	
	2020	2019	2020	2019
Revenues	\$ 55,000	\$ 45,940	\$ 167,104	\$ 120,751
Cost of sales	(29,206)	(25,246)	(93,066)	(72,002)
Gross profit	25,794	20,694	74,038	48,749
Other expenses				
Corporate and general	1,371	1,417	5,147	4,923
Stock-based compensation	518	486	2,262	2,641
COVID-19 costs	1,281	-	1,837	-
	3,170	1,903	9,246	7,564
Operating income	22,624	18,791	64,792	41,185
Quebec exploration credits refund	-	-	-	2,867
Interest expense	(263)	(138)	(802)	(364)
Accretion of decommissioning provisions	(88)	(64)	(265)	(301)
Interest and other income	(294)	157	(203)	482

Income before income and mining taxes	21,979	18,746	63,522	43,869
Income and mining tax expense				
Current	2,195	1,335	6,234	3,478
Deferred	5,170	4,962	15,064	11,523
	7,365	6,297	21,298	15,001
Net income and total comprehensive income	\$ 14,614	\$ 12,449	\$ 42,224	\$ 28,868
Earnings per share				
Basic	\$ 0.10	\$ 0.09	\$ 0.30	\$ 0.21
Diluted	\$ 0.10	\$ 0.09	\$ 0.30	\$ 0.21
Weighted average number of common shares (000s)				
Basic	139,308	137,302	138,898	136,615
Diluted	142,969	140,989	142,478	140,119

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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, 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	-
Value attributed to RSUs exercised	253	(253)	-	-
Value attributed to DSUs exercised	175	(175)	-	-
Stock-based compensation	-	2,641	-	2,641
Balance, September 30, 2019	\$ 172,184	\$ 6,133	\$ 14,046	\$ 192,363
Balance, December 31, 2019	\$ 174,789	\$ 5,590	\$ 26,123	\$ 206,502
Net income for the period ended				
June 30, 2020	-	-	42,224	42,224
Exercise of options	2,405	-	-	2,405
Value attributed to options exercised	1,103	(1,103)	-	-
Value attributed to options expired	-	-	-	-
Value attributed to DSUs redeemed	0	-	-	-
Value attributed to RSUs exercised	577	(577)	-	-
Stock-based compensation	-	2,262	-	2,262
Balance, September 30, 2020	\$ 178,874	\$ 6,172	\$ 68,347	\$ 253,393

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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,	
2020	2019	2020	2019

Operating Activities				
Net income	\$ 14,614	\$ 12,449	\$ 42,224	\$ 28,868
Depreciation and depletion	6,322	6,076	20,001	16,335
Stock-based compensation	518	486	2,262	2,641
Accretion of decommissioning provisions	88	64	265	301
Deferred income and mining tax expense	5,170	4,962	15,064	11,523
Interest expense	263	143	802	378
Write-down of mining equipment	-	-	-	-
Foreign exchange loss on lease financing	(80)	-	104	-
	26,895	24,180	80,722	60,046
Net changes in non-cash working capital	2,139	4,225	13,307	(2,580)
Mining tax paid	(3,569)	(1,130)	(4,889)	(2,210)
Net cash from operating activities	25,465	27,275	89,140	55,256
Financing Activities				
Exercise of options	623	954	2,405	3,645
Amortization of deferred financing cost	95	-	61	-
Debt issue less deferred cost	-	3,304	-	3,304
Repayment of borrowings	-	-	(3,636)	-
Repayment of lease liabilities	(1,322)	(1,558)	(3,531)	(4,129)
Termination of lease arrangements	-	(3,952)	-	(3,952)
Interest paid	(263)	(138)	(802)	(364)
Net cash used in financing activities	(867)	(1,390)	(5,503)	(1,496)
Investing Activities				
Additions to mining properties	(6,981)	(10,616)	(18,972)	(23,637)
Additions to exploration properties	(13,962)	(5,872)	(29,074)	(16,908)
Funds held against standby letter of credit	-	(30)	-	(657)
Net changes in non-cash working capital	3,125	1,849	2,265	(1,325)
Net cash used in investing activities	(17,818)	(14,669)	(45,781)	(42,527)
Increase in cash and cash equivalents	6,780	11,216	37,856	11,233
Cash and cash equivalents - beginning of period	66,733	27,395	35,657	27,378
Cash and cash equivalents - end of period	\$ 73,513	\$ 38,611	\$ 73,513	\$ 38,611
Cash and cash equivalents consist of:				
Cash	\$ 73,513	\$ 38,611	\$ 73,513	\$ 38,611
	\$ 73,513	\$ 38,611	\$ 73,513	\$ 38,611

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