

# Wesdome Announces 2021 First Quarter Financial Results

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TORONTO, May 12, 2021 - [Wesdome Gold Mines Ltd.](#) (TSX: WDO) ("Wesdome" or the "Company") today announces first quarter ("Q1 2021") financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO commented, "During the first quarter, a significant milestone was achieved at Kiena, with the completion of the A Zone bulk sample reconciliation which has produced 6% more gold at a feed grade of 15.7 g/t versus 14.7 g/t in the resource block model grade. Additionally, the bulk sample generated an additional \$3.9 million from the sale of 1,793 ounces of gold in the quarter. Significant progress was also made towards projects that would benefit the mine re-start, such as development, mill refurbishment, shaft and other construction projects, and work at the tailing management area. The PFS is near completion and the Company intends to release the results of the PFS later in the quarter.

During the quarter a total of \$14.0 million was spent on growth and capital projects (Q1 2020: \$10.6 million). Consequently, free cash flow decreased compared to the same period in 2020, and the cash position remained flat quarter over quarter with \$63.9 million as of March 31 (December 31 2020: \$63.5 million), sufficient to fund all exploration, sustaining, and growth capital projects including the potential restart of the Kiena mine

The Eagle River Underground Mine produced 53,540 tonnes at a head grade of 12.8 grams per tonne ("g/t Au") for 21,396 ounces produced, within our expectations. Eagle River grades were slightly below the low end of our guidance, however increased throughout the quarter. The Company expects to be within guidance for the year, and remains on track to produce 92,000 - 105,000 ounces from the Eagle River Complex, plus an additional 15,000 - 25,000 from Kiena pending a restart decision.

Exploration activities at both sites ramped up during Q1 and produced very positive results. At Eagle, the Company is embarking on its' \$16M exploration campaign with 5 drills underground and 2-3 rigs on surface. Currently a regional structural compilation is underway which will aid in the understanding of the current Eagle River deposit and generate high quality mine and regional targets. As well, definition drilling at the Falcon Zone advanced rapidly, and initial sill development is expected to commence in Q2, thereby providing an opportunity to assess the gold mineralization of the Falcon Zone within volcanic rocks.

At Kiena, an exciting new discovery was made - a new high grade gold zone was discovered in the footwall of the A Zone. This drilling highlights the potential to add ounces, not only in this area but illustrates the untested potential of the entire gold system around the Kiena mine. This footwall zone will be one of the zones of focus for the continued drilling."

The Company has performed well during the quarter despite the Covid-19 pandemic. Hygiene protocols are well implemented and the operations have been Covid free throughout. We continue to operate diligently keeping our workplaces safe for our employees, contractors, and vendors.

Key operating and financial highlights of the Q1 2021 results include:

- Gold production of 22,564 ounces from the Eagle River Complex, a 10% decrease over the same period in the previous year (Q1 2020: 25,122 ounces):
  - Eagle River Underground 53,540 tonnes at a head grade of 12.8 grams per tonne for 21,396 ounces produced, 13% decrease over the previous year (Q1 2020: 24,457 ounces).
  - Mishi Open Pit 17,219 tonnes at a head grade of 2.5 g/t Au for 1,169 ounces produced (Q1 2020: 665 ounces).
- Revenue of \$46.0 million, a 19.8% decrease over the previous year (Q1 2020: \$57.3 million).

- Ounces sold 22,457, which includes 1,793 ounces from the Kiena bulk sample at an average sales price of \$2,219/oz (Q1 2019: 26,500 ounces at an average price of \$2,162/oz).
  - Cash margin<sup>1</sup> of \$21.8 million, a 21.0% decrease over Q1 2020 (Q1 2020 - \$27.6 million).
  - Operating cash flow of \$22.0 million or \$0.16 per share<sup>1</sup> as compared to \$33.5 million or \$0.24 per share for the same period in 2020.
  - Free cash flow of \$0.1 million, net of an investment of \$12.6 million in Kiena, or nil per share<sup>1</sup> (Q1 2020: free cash flow of \$16.7 million or \$0.12 per share).
  - Net income and Net income (adjusted)<sup>1</sup> of \$7.1 million or \$0.05 per share (Q1 2020: \$11.5 million or \$0.08 per share).
  - Cash position increased to \$63.9 million compared to \$63.5 million in the previous quarter.
  - Cash costs<sup>1</sup> of \$1,076/oz or US\$850/oz, a 4% decrease over the same period in 2020 (Q1 2020: \$1,120/oz or US\$833/oz) due to the inclusion of 1,793 lower cost ounces from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021.
  - All-in sustaining costs ("AISC")<sup>1</sup> of \$1,497/oz or US\$1,182/oz, a 5% increase over the same period in 2020 (Q1 2020: \$1,423/oz or US\$1,058/oz), due to lower ounces sold and higher sustaining capital, which was partially offset by the inclusion of 1,793 lower cost ounces from the Kiena bulk sample, which was processed in Q4 2020 and sold in Q1 2021. This includes approximately \$30/ounce in COVID-19 safety related costs.
1. Refer to the Company's 2021 First 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

- The Eagle River underground ore production averaged 641 tpd in Q1 2021.
- At the Falcon Zone, initial sill development is expected to commence in Q2 2021.
- Surface drilling in ongoing both east and west of the mine to follow up on a
- A comprehensive analysis of the structural geology is being completed at t
- Total metres drilled in 2021 are budgeted to range between 164,000 and 1

### Kiena

- A total of 7,032 tonnes were processed from the Kiena Deep A zone bulk s
- A new high grade gold zone was discovered in the footwall of the A Zone.
- Recent drilling continues to expand the Kiena Deep A Zone predominantly
- The Pre-Feasibility Study ("PFS") is progressing well, and it is expected to
- The 2021 exploration program at Kiena consists of 65,000 m of undergrou

## 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 2021 First Quarter Financial Results Conference Call

North American Toll Free: + 1 (844) 202-7109  
International Dial-In Number: +1 (703) 639-1272  
Conference ID: 2264519  
Webcast link: <https://edge.media-server.com/mmc/p/87za7n4c>

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 is a 100% Canadian focused Company that has had over 30 years of continuous gold mining operations in Canada. The Company's strategy is to build an intermediate gold producer, producing 200,000+ ounces from two mines in Ontario and Quebec. The Eagle River Complex in Wawa, Ontario is currently increasing gold production from the high-grade Eagle River Underground Mine. 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 is currently completing a PFS in support of a production restart decision. The Company is in the process of divesting of its Moss Lake gold deposit, located 100 kilometres ("kms") west of Thunder Bay, Ontario. The Company has approximately 139.4 million shares issued and outstanding and trades on the Toronto Stock Exchange under the symbol "WDO."

For further information, please contact:

Duncan Middlemiss President and CEO 416-360-3743 ext. 2029 <a href="mailto:duncan.middlemiss@wesdome.com">duncan.middlemiss@wesdome.com</a>	or Lindsay Carpenter Dunlop VP Investor Relations 416-360-3743 ext. 2025 <a href="mailto:lindsay.dunlop@wesdome.com">lindsay.dunlop@wesdome.com</a>
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220 Bay St, Suite 1200  
Toronto, ON, M5J 2W4  
Toll Free: 1-866-4-WDO-TSX  
Phone: 416-360-3743, Fax: 416-360-7620  
Website: [www.wesdome.com](http://www.wesdome.com)

*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.*

[Wesdome Gold Mines Ltd.](http://www.wesdome.com)

## 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,	
	2021	2020
Operating data		
Milling (tonnes)		
Eagle River	53,540	55,874
Mishi	17,219	11,047
Throughput <sup>2</sup>	70,759	66,921
Head grades (g/t)		
Eagle River	12.8	14.0
Mishi	2.5	2.5
Recovery (%)		
Eagle River	97.1	97.3
Mishi	84.8	74.8
Production (ounces)		
Eagle River	21,396	24,457
Mishi	1,169	665
Total gold produced <sup>2</sup>	22,564	25,122
Total gold sales (ounces) <sup>3</sup>	22,457	26,500
Eagle River Complex (per ounce of gold sold) <sup>1</sup>		
Average realized price	\$ 2,223	\$ 2,162
Cash costs	1,076	1,120
Cash margin	\$ 1,147	\$ 1,042
All-in Sustaining Costs <sup>1</sup>	\$ 1,497	\$ 1,423
Mine operating costs/tonne milled <sup>1</sup>	\$ 335	\$ 425
Average 1 USD &#8594; CAD exchange rate	1.2660	1.3449
Cash costs per ounce of gold sold (US\$) <sup>1</sup>	\$ 850	\$ 833
All-in Sustaining Costs (US\$) <sup>1</sup>	\$ 1,182	\$ 1,058
Financial Data		
Cash margin <sup>1</sup>	\$ 21,776	\$ 27,619
Net income	\$ 7,103	\$ 11,513
Net income adjusted <sup>1</sup>	\$ 7,103	\$ 11,513
Earnings before interest, taxes, depreciation and amortization <sup>1</sup>	\$ 18,662	\$ 25,414
Operating cash flow	\$ 22,033	\$ 33,491
Free cash flow	\$ 99	\$ 16,734
Per share data		
Net income	\$ 0.05	\$ 0.08
Adjusted net income <sup>1</sup>	\$ 0.05	\$ 0.08
Operating cash flow <sup>1</sup>	\$ 0.16	\$ 0.24
Free cash flow <sup>1</sup>	\$ 0.00	\$ 0.12

[Wesdome Gold Mines Ltd.](#)Consolidated Statements of Financial Position  
(Expressed in thousands of Canadian dollars)

As at March 31, 2021 As at December 31, 2020

Assets

Current		
Cash and cash equivalents	\$ 63,884	\$ 63,480
Receivables and prepaids	3,999	4,243
Sales tax receivable	4,773	4,731
Inventories	13,606	12,451
Non-current assets held for sale	10,326	-
Total current assets	96,588	84,905
Restricted cash	657	657
Deferred financing cost	960	827
Mineral properties, plant and equipment	132,047	128,670
Exploration properties	145,097	143,524
Total assets	\$ 375,349	\$ 358,583
Liabilities		
Payables and accruals	\$ 25,117	\$ 21,123
Income and mining tax payable	4,378	3,481
Current portion of lease liabilities	6,243	5,901
Total current liabilities	35,738	30,505
Lease liabilities	5,723	5,604
Deferred income and mining tax liabilities	41,491	37,354
Decommissioning provisions	21,813	22,270
Total liabilities	104,765	95,733
Equity		
Equity attributable to owners of the Company		
Capital stock	180,802	179,540
Contributed surplus	5,841	6,472
Retained earnings	83,941	76,838
Total equity attributable to owners of the Company	270,584	262,850
	\$ 375,349	\$ 358,583

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

	Three Months Ended	
	March 31	
	2021	2020
Revenues	\$ 45,973	\$ 57,332
Cost of sales	(30,264 )	(37,590 )
Gross profit	15,709	19,742
Other expenses		
Corporate and general	2,391	1,971
Stock-based compensation	310	404
	2,701	2,375
Operating income	13,008	17,367
Interest expense	(259 )	(324 )
Accretion of decommissioning provisions	(110 )	(125 )
Interest and other income	(303 )	364
Income before income and mining taxes	12,336	17,282
Income and mining tax expense		

Current	1,096	2,270
Deferred	4,137	3,499
	5,233	5,769
Net income and total comprehensive income	\$ 7,103	\$ 11,513
Earnings per share		
Basic	\$ 0.05	\$ 0.08
Diluted	\$ 0.05	\$ 0.08
Weighted average number of common shares (000s)		
Basic	139,732	138,464
Diluted	142,617	142,024

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Consolidated Statements of Total Equity  
(Expressed in thousands of Canadian dollars)

	Capital Stock	Contributed Surplus	Retained Earnings	Total Equity
Balance, December 31, 2019	\$ 174,789	\$ 5,590	\$ 26,123	\$ 206,502
Net income for the period ended				
March 31, 2020	-	-	11,513	11,513
Exercise of options	682	-	-	682
Value attributed to options exercised	324	(324 )	-	-
Value attributed to RSUs exercised	577	(577 )	-	-
Stock-based compensation	-	404	-	404
Balance, March 31, 2020	\$ 176,372	\$ 5,093	\$ 37,636	\$ 219,101
Balance, December 31, 2020	179,540	6,472	76,838	262,850
Net income for the period ended				
March 31, 2021	-	-	7,103	7,103
Exercise of options	321	-	-	321
Value attributed to options exercised	155	(155 )	-	-
Value attributed to RSUs exercised	786	(786 )	-	-
Stock-based compensation	-	310	-	310
Balance, March 31, 2021	\$ 180,802	\$ 5,841	\$ 83,941	\$ 270,584

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

	Three Months Ended	
	March 31	
	2021	2020
Operating Activities		
Net income	7,103	11,513
Depreciation and depletion	6,067	7,877
Stock-based compensation	310	404
Accretion of decommissioning provisions	110	125

Deferred income and mining tax expense	4,137	3,499
Amortization of deferred financing cost	106	62
Interest expense	259	324
Foreign exchange loss on lease financing	(30 )	351
	18,062	24,155
Net changes in non-cash working capital	4,170	10,656
Mining and income tax paid	(199 )	(1,320 )
Net cash from operating activities	22,033	33,491
<b>Financing Activities</b>		
Exercise of options	321	682
Deferred financing cost	(239 )	(30 )
Repayment of borrowings	-	(3,636 )
Repayment of lease liabilities	(1,516 )	(1,057 )
Interest paid	(259 )	(324 )
Net cash used in financing activities	(1,693 )	(4,365 )
<b>Investing Activities</b>		
Additions to mining properties	(8,519 )	(6,546 )
Additions to exploration properties	(11,899 )	(9,154 )
Net changes in non-cash working capital	482	315
Net cash used in investing activities	(19,936 )	(15,385 )
Increase (decrease) in cash and cash equivalents	404	13,741
Cash and cash equivalents - beginning of the period	63,480	35,657
Cash and cash equivalents - end of the period	63,884	49,398
Cash and cash equivalents consist of:		
Cash	\$ 63,884	\$ 49,398
	\$ 63,884	\$ 49,398

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