

# Wesdome Announces 2021 Second Quarter Financial Results Kiena Mill Successfully Restarted

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TORONTO, Aug. 11, 2021 - [Wesdome Gold Mines Ltd.](#) (TSX: WDO) ("Wesdome" or the "Company") today announces second quarter ("Q2 2021") financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO commented, "Strong gold production in the second quarter of 30,375 ounces drove significant improvement in cost performance. Cash costs of \$814 per ounce (US\$663) and AISC of \$1,240 (US\$1,009), a decrease of 24% and 17% respectively over Q1 2021. H1 2021 production of 52,939 ounces, and cash costs of US\$745 per ounce and AISC of US\$1,085 per ounce has us well positioned to deliver on both our production and cost guidance for the year at Eagle River Mine Complex (92,000 - 105,000 ounces at cash costs of US\$680 - 770 and AISC of US\$980 - 1,090). Cash margins also improved quarter on quarter with \$40.1 million earned in Q2 compared to \$21.8 million in Q1. Cash position increased to \$67.8 million compared to \$63.9 million in the previous quarter.

During Q2, there were some one-time non-cash items which impacted net income. After announcing a restart of operations at Kiena on May 26, we recorded an impairment reversal charge of \$58.6 million pre-tax (\$36.3 million after-tax), as well, we had an after-tax gain on the disposal of the Moss Lake mineral properties of \$34.5 million. Consequently, net income was \$87.8 million, or \$0.63 per share. Net income adjusted for these one-off items was \$17.0 million, or \$0.12 per share.

As a result of the above items and also due to a higher capital spending rate at Kiena, free cash outflow for the quarter was \$9.1 million. A total of \$24.1M was spent at Kiena in Q2 in preparation for the production restart that was approved by the Board of Directors of the Company late in May. This decision was based on the positive outcome of the independent Pre-Feasibility Study published earlier this year. The investment includes \$13.7 of mine development and restart costs, \$7.2M on mobile and fixed equipment purchases, including headframe bin repairs and hoist system upgrades. As a result of the preparatory work the mill was restarted on July 12, and has been successfully processing S50 ore since then. As well, work is underway to prepare the A Zone for its first production stope starting in August, slightly ahead of schedule. In addition, \$3.2M was spent in surface and underground exploration, which has confirmed the discovery of the new footwall zone in the Kiena Deep."

Key operating and financial highlights of the Q2 2021 results include:

- Gold production of 30,375 ounces from the Eagle River Complex, a 21% increase over the same period in the previous year (Q2 2020: 25,142 ounces):
  - Eagle River Underground 63,057 tonnes at a head grade of 15.1 grams per tonne for 29,836 ounces produced, 24% increase over the previous year (Q2 2020: 24,117 ounces).
  - Mishi Open Pit 9,347 tonnes at a head grade of 2.4 g/t Au for 539 ounces produced (Q2 2020: 1,026 ounces).
- Revenue of \$63.9 million, a 17% increase over the previous year (Q2 2020: \$54.8 million).
- Ounces sold were 28,500 at an average sales price of \$2,239/oz (Q2 2020: 23,140 ounces at an average price of \$2,365/oz).
- Cash margin<sup>1</sup> of \$40.6 million, a 18.0% increase over Q2 2020 (Q2 2020 - \$34.3 million).
- Operating cash flow of \$26.9 million or \$0.19 per share<sup>1</sup> as compared to \$30.3 million or \$0.22 per share for the same period in 2020.
- Free cash outflow of \$9.1 million, net of an investment of \$24.1 million in Kiena, or (\$0.07) per share<sup>1</sup> (Q2 2020: free cash flow of \$17.8 million or \$0.13 per share).
- Net income of \$87.8 million or \$0.63 per share (Q2 2020: \$16.1 million or \$0.12 per share) and Net income (adjusted)<sup>1</sup> of \$17.0 million or \$0.12 per share (Q2 2020: \$16.1 million or \$0.12 per share).
- Cash position increased to \$67.8 million compared to \$63.9 million in the previous quarter.

- Cash costs<sup>1</sup> of \$814/oz or US\$663/oz, an 8% decrease over the same period in 2020 (Q2 2020: \$882/oz or US\$637/oz).
- All-in sustaining costs ("AISC") <sup>1</sup> of \$1,240/oz or US\$1,009/oz, a 2% increase over the same period in 2020 (Q2 2020: \$1,218/oz or US\$879/oz), due to higher sustaining capital, corporate and general expenses and lease payments, which was partially offset by a 23% increase in ounces sold.

1. Refer to the Company's 2021 Second 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 increased to 693 tpd in Q2 2021.
- Definition drilling and initial sill development continues at the Falcon Zone.
- Surface drilling is ongoing both east and west of the mine to follow up on a

### Kiena

- The Preliminary Feasibility Study ("PFS") was completed in Q2 2021 and is
- The reconciliation of the A zone bulk sample that was processed in Q4 2020.
- The new Footwall Zone was initially announced in March of this year. To d
- The discovery of the high-grade Footwall Zone could have significant posit
- Ongoing drilling also continues to better define and expand the Kiena Dee
- Surface drilling is ongoing with a 42,000 m drilling program. These initial ta
- Wesdome purchased the Tarmac Gold Property from Globex Mining Enter

## 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 Second Quarter Financial Results Conference Call

North American Toll Free: +1 (844) 202-7109  
International Dial-In Number: +1 (703) 639-1272  
Conference ID: 9491665

Webcast link: <https://edge.media-server.com/mmc/p/xxgwkhek>

The webcast can also be accessed under the News and Events section of the Company's website ([www.wesdome.com](http://www.wesdome.com))

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#### ABOUT WESDOME

Wesdome is 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 Underground Mine in Wawa, Ontario is currently producing gold at a rate of 92,000 - 105,000 ounces per year. 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, and a restart of operations was announced on May 26, 2021. The Company has completed a PFS in support of the production restart decision. The Company also retains meaningful exposure to the Moss Lake gold deposit, located 100 kilometres west of Thunder Bay, Ontario through its equity position in [Goldshore Resources Inc.](#) The Company has approximately 140.0 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.*

#### [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	Six Months Ended
	June 30,	June 30,

	2021	2020	2021	2020
Operating data				
Milling (tonnes)				
Eagle River	63,057	42,349	116,596	98,223
Mishi	9,347	13,721	26,567	24,768
Throughput <sup>2</sup>	72,404	56,070	143,163	122,991
Head grades (g/t)				
Eagle River	15.1	18.1	14.1	15.8
Mishi	2.4	2.9	2.4	2.7
Recovery (%)				
Eagle River	97.4	97.9	97.3	97.6
Mishi	76.1	79.8	81.9	77.8
Production (ounces)				
Eagle River	29,836	24,117	51,232	48,574
Mishi	539	1,026	1,707	1,690
Total gold produced <sup>2</sup>	30,375	25,142	52,939	50,264
Total gold sales (ounces)	28,500	23,140	50,957	49,640
Eagle River Complex (per ounce of gold sold) <sup>1</sup>				
Average realized price	\$ 2,239	\$ 2,365	\$ 2,232	\$ 2,257
Cash costs	814	882	930	1,009
Cash margin	\$ 1,425	\$ 1,483	\$ 1,302	\$ 1,248
All-in Sustaining Costs <sup>1</sup>	\$ 1,240	\$ 1,218	\$ 1,353	\$ 1,327
Mine operating costs/tonne milled <sup>1</sup>	\$ 324	\$ 331	\$ 330	\$ 383
Average 1 USD &#8594; CAD exchange rate	1.2282	1.3853	1.247	1.3651
Cash costs per ounce of gold sold (US\$) <sup>1</sup>	\$ 663	\$ 637	\$ 745	\$ 739
All-in Sustaining Costs (US\$) <sup>1</sup>	\$ 1,009	\$ 879	\$ 1,085	\$ 972
Financial Data				
Cash margin <sup>1</sup>	\$ 40,590	\$ 34,304	\$ 62,366	\$ 61,923
Net income	\$ 87,807	\$ 16,097	\$ 94,910	\$ 27,610
Net income adjusted <sup>1</sup>	\$ 17,028	\$ 16,097	\$ 24,131	\$ 27,610
Earnings before interest, taxes, depreciation and amortization <sup>1</sup>	\$ 32,812	\$ 30,347	\$ 51,474	\$ 55,761
Operating cash flow	\$ 26,875	\$ 30,348	\$ 48,908	\$ 63,839
Free cash flow	\$ (9,131 )	\$ 17,793	\$ (9,032 )	\$ 34,527
Per share data				
Net income	\$ 0.63	\$ 0.12	\$ 0.68	\$ 0.20
Adjusted net income <sup>1</sup>	\$ 0.12	\$ 0.12	\$ 0.17	\$ 0.20
Operating cash flow <sup>1</sup>	\$ 0.19	\$ 0.22	\$ 0.35	\$ 0.46
Free cash flow <sup>1</sup>	\$ (0.07 )	\$ 0.13	\$ (0.06 )	\$ 0.25

1. Refer to the Company's 2021 Second 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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Consolidated Statements of Financial Position  
(Expressed in thousands of Canadian dollars)

	As at June 30, 2021	As at December 31, 2020
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 67,799	\$ 63,480
Receivables and prepaids	10,997	8,974
Share consideration receivable	4,882	-
Inventories	16,761	12,451
Total current assets	100,439	84,905
Restricted cash	657	657
Deferred financing costs	938	827
Mining properties, plant and equipment	193,641	128,670
Mines under development	151,651	-
Exploration properties	15,202	143,524
Share consideration receivable	13,265	-
Investment in associate	19,466	-
Total assets	\$ 495,259	\$ 358,583
<b>Liabilities</b>		
<b>Current</b>		
Payables and accruals	\$ 23,088	\$ 21,123
Income and mining tax payable	3,466	3,481
Current portion of lease liabilities	6,744	5,901
Total current liabilities	33,298	30,505
Lease liabilities	6,465	5,604
Deferred income and mining tax liabilities	73,198	37,354
Decommissioning provisions	21,794	22,270
Total liabilities	134,755	95,733
<b>Equity</b>		
<b>Equity attributable to owners of the Company</b>		
Capital stock	182,144	179,540
Contributed surplus	6,612	6,472
Retained earnings	171,748	76,838
Total equity attributable to owners of the Company	360,504	262,850
	\$ 495,259	\$ 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		Six Months Ended	
	June 30, 2021	2020	June 30, 2021	2020
Revenues	\$ 63,881	\$ 54,772	\$ 109,854	\$ 112,104
Cost of sales	(29,774 )	(26,826 )	(60,038 )	(64,416 )
Gross profit	34,107	27,946	49,816	47,688
<b>Other expenses</b>				
Corporate and general	2,841	1,805	5,232	3,776
Stock-based compensation	1,203	1,340	1,513	1,744

Reversal of impairment charges	(58,563 )	-	(58,563 )	-
Write-down of exploration properties	3,113	-	3,113	-
	(51,406 )	3,145	(48,705 )	5,520
Operating income	85,513	24,801	98,521	42,168
Gain on sale of Moss Lake exploration properties	39,143	-	39,143	-
Interest expense	(271 )	(284 )	(530 )	(539 )
Accretion of decommissioning provisions	(124 )	(52 )	(234 )	(177 )
Share of loss of associate	(89 )	-	(89 )	-
Fair value adjustment on share consideration receivable	(8 )	-	(8 )	-
Other income (expenses)	(400 )	(204 )	(703 )	91
Income before income and mining taxes	123,764	24,261	136,100	41,543
Income and mining tax expense				
Current	4,250	1,769	5,346	4,039
Deferred	31,707	6,395	35,844	9,894
	35,957	8,164	41,190	13,933
Net income and total comprehensive income	\$ 87,807	\$ 16,097	\$ 94,910	\$ 27,610
Earnings per share				
Basic	\$ 0.63	\$ 0.12	\$ 0.68	\$ 0.20
Diluted	\$ 0.62	\$ 0.11	\$ 0.67	\$ 0.19
Weighted average number of common shares (000s)				
Basic	139,754	138,918	139,587	138,691
Diluted	142,630	142,430	142,454	142,227

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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				
June 30, 2020	-	-	27,610	27,610
Exercise of options	1,782	-	-	1,782
Value attributed to options exercised	825	(825 )	-	-
Value attributed to RSUs exercised	577	(577 )	-	-
Stock-based compensation	-	1,744	-	1,744
Balance, June 30, 2020	\$ 177,973	\$ 5,932	\$ 53,733	\$ 237,638
Balance, December 31, 2020	\$ 179,540	\$ 6,472	\$ 76,838	\$ 262,850
Net income for the period ended				
June 30, 2021	-	-	94,910	94,910
Exercise of options	1,231	-	-	1,231
Value attributed to options exercised	587	(587 )	-	-
Value attributed to RSUs exercised	786	(786 )	-	-
Stock-based compensation	-	1,513	-	1,513
Balance, June 30, 2021	\$ 182,144	\$ 6,612	\$ 171,748	\$ 360,504

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<b>Operating Activities</b>				
Net income	\$ 87,807	\$ 16,097	\$ 94,910	\$ 27,610
Depreciation and depletion	6,483	5,802	12,550	13,679
Stock-based compensation	1,203	1,340	1,513	1,744
Accretion of decommissioning provisions	124	52	234	177
Deferred income and mining tax expense	31,707	6,395	35,844	9,894
Amortization of deferred financing cost	119	102	224	164
Interest expense	271	284	530	539
Reversal of impairment charges	(58,563 )	-	(58,563 )	-
Gain on sale of Moss Lake exploration properties	(39,143 )	-	(39,143 )	-
Write down of exploration properties	3,113	-	3,113	-
Share of loss of associate	89	-	89	-
Fair value adjustment on share consideration receivable	8	-	8	-
Foreign exchange loss (gain) on lease financing	(50 )	(236 )	(79 )	184
	33,168	29,836	51,230	53,991
Net changes in non-cash working capital	(1,131 )	512	3,039	11,168
Mining and income tax paid	(5,162 )	-	(5,361 )	(1,320 )
Net cash from operating activities	26,875	30,348	48,908	63,839
<b>Financing Activities</b>				
Exercise of options	910	1,100	1,231	1,782
Deferred financing costs	(95 )	(99 )	(334 )	(198 )
Repayment of borrowings	-	-	-	(3,636 )
Repayment of lease liabilities	(1,884 )	(1,152 )	(3,400 )	(2,209 )
Interest paid	(271 )	(284 )	(530 )	(539 )
Net cash used in financing activities	(1,340 )	(435 )	(3,033 )	(4,800 )
<b>Investing Activities</b>				
Additions to mining properties	(10,050 )	(5,445 )	(17,873 )	(11,991 )
Additions to mines under development	(12,704 )	-	(13,400 )	-
Additions to exploration properties	(11,368 )	(5,958 )	(23,267 )	(15,112 )
Cash proceeds on sale of Moss Lake, net of transaction costs	11,762	-	11,762	-
Net changes in non-cash working capital	740	(1,175 )	1,222	(860 )
Net cash used in investing activities	(21,620 )	(12,578 )	(41,556 )	(27,963 )
Increase in cash and cash equivalents	3,915	17,335	4,319	31,076
Cash and cash equivalents - beginning of the period	63,884	49,398	63,480	35,657
Cash and cash equivalents - end of the period	\$ 67,799	\$ 66,733	\$ 67,799	\$ 66,733
Cash and cash equivalents consist of:				
Cash	\$ 67,799	\$ 66,733	\$ 67,799	\$ 66,733
Term deposits	-	-	-	-
	\$ 67,799	\$ 66,733	\$ 67,799	\$ 66,733

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