

Wesdome Announces 2023 First Quarter Financial Results

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TORONTO, May 10, 2023 - [Wesdome Gold Mines Ltd.](#) (TSX: WDO) ("Wesdome" or the "Company") today announces first quarter ("Q1 2023") financial results. All figures are stated in Canadian dollars unless otherwise noted.

Warwick Morley-Jepson, Board Chair and Interim CEO commented, "The year is off to a solid start with combined production results of 28,368 ounces coming in ahead of budget. We continued to make excellent progress on the Kiena production ramp, currently at the 123 level. Once the ramp reaches the 129 level late this year and we can develop 129L station, we will be able to take advantage of the significant ounces per vertical metre increase which is expected to result in materially better unit economics in 2024. At Eagle River, production exceeded our internal targets. Grade reconciliation in the Falcon Zone has significantly improved now that additional drilling and ore development is in place. Our balance sheet is also continuing to benefit from higher production and gold prices, as well as disciplined use of our ATM financing. During the quarter, we paid down \$8 million of debt, \$12 million in Accounts Payables and expect to continue aggressively paying down our credit facility throughout the rest of the year."

	Q1 2023	Q1 2022
Ore milled (tonnes)		
Eagle River	48,133	53,217
Mishi	6,150	11,873
Kiena	42,324	21,162
Total Ore Milled	96,607	86,252
Head grade (grams per tonne, "g/t")		
Eagle River	13.5	11.6
Mishi	2.3	3.6
Kiena	5.9	7.7
Gold production (ounces)		
Eagle River	20,159	19,334
Mishi	332	1,165
Kiena	7,877	5,112
Total Gold Production	28,368	25,611
Production sold (ounces)	30,000	28,000

First quarter 2023 highlights:

- At Eagle, production exceeded our internal targets. Grade reconciliation in the Falcon Zone has significantly improved now that additional drilling and ore development is in place. Q1 2023 cash costs of \$1,192 (US\$881) per ounce and AISC of \$1,709 (US\$1,264) per ounce of gold were below combined guidance and are expected to be maintained.

- At Kiena, we continued to make excellent strides towards the successful ramp-up of mining activities in 2023 and beyond. Development of the ramp to the 129L giving access to the A Zone of Kiena Deep continued to track ahead of schedule which positions the mine well for increased production levels in 2024. Longer term, excavation of an exploration ramp from surface to access the near-surface Presqu'île Zone is expected to proceed in H2 2023 after the required permits are secured. With an existing large resource base, efforts in 2023 will focus on converting a portion of these resources to reserves. The Kiena mill has excess capacity with a permitted rate of 2,000 tonnes per day, therefore bringing a potential new source of ore into the mine plan could be accomplished quickly and for low costs.
- Kiena Cash costs of \$2,267 per ounce, (\$US1,676) and AISC costs of \$3,048 per ounce (\$US2,254) were higher than guidance due to increased staffing in preparation for the production ramp up and associated construction costs. Costs are expected to decrease throughout the second half of the year and further in 2024 as the mine reaches higher production levels taking advantage of the higher grades and larger ore volumes at depth.
- Total Cash margin was \$34.4 million, a 13% increase over Q1 2022, however net income and free cash flows were negative as the Company completes the final projects on the production ramp up at Kiena, namely the ramp to the 129 metre level. Assuming that all else remains the same, the Company expects, at current gold prices, to be free cash flow neutral this year, positioning itself well to be free cash flow positive in 2024.
- The Company is well positioned to deliver on its production guidance of 110,000 - 130,000 ounces and cash cost guidance of \$1,500 - \$1,670 per ounce (US\$1,150 - \$1,290), as well as AISC of \$2,100 - \$2,340 per ounce, (US\$1,620 - \$1,800).
- Wesdome raised \$20.1 million of net proceeds from issuing 2,987,500 common shares under the ATM program. The Company ended the quarter with \$25.1 million in cash, and a \$47 million balance on the revolving credit facility (December 31, 2022 \$55 million) in accordance with our strategy to accelerate the paydown of the outstanding balance on our credit facility, thereby de-risking our balance sheet.

Operations and Financial Results

Comparison to Q1 2022

Gold production of 28,368 ounces.

Gold production increased by 11% in Q1 2023 compared to 5,112 ounces in Q1 2022, consistent with the same period in 2022.

Cash costs of \$1,407 (US\$1,040) per ounce of gold sold¹.

Cash costs¹ in Canadian dollars increased by 16% in Q1 2023 compared to Q1 2022. Aggregate cash costs increased by 16% due to development metres (timing), waste management team at site, general inflation and aggregate cash costs increased by 16% due to increased staffing levels required in Q1 2023.

AISC of \$1,977 (US\$1,462) per ounce of gold sold¹.

AISC¹ in Canadian dollars increased by 16% in Q1 2023 compared to Q1 2022. Increased cash costs, an increase in development metres, site infrastructure and the inclusion of waste management.

Cash margin of \$34.4 million¹.

Cash margin¹ increased by 13% in Q1 2023 compared to Q1 2022. Canadian dollar realized gold price increased by 13%.

Operating cash flow of \$5.1 million or \$0.04 per share¹.

Decreased by 83% or \$24.8 million in Q1 2023 compared to Q1 2022. Decrease in cash from working capital.

Free cash outflow of \$19.6 million or (\$0.14) per share¹.

The free cash outflow¹ increased by 100% in Q1 2023 compared to Q1 2022. The decrease in cash from working capital spending. Invested \$22.7 million in Q1 2023 compared to \$34.6 million in Q1 2022.

Net loss attributable to shareholders of \$0.3 million or \$nil per share.

Net income decreased by \$7.4 million in Q1 2023 compared to Q1 2022. Net income decreased by \$7.4 million due to depletion and depreciation of \$10 million. Assets are now being depreciated over a longer period.

Adjusted net income¹ attributable to shareholders of \$3.3 million or \$0.02 per share.

After removing these one-time items, net income is \$3.3 million.

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

Production Metrics and Exploration Updates UpdaHighlights Performance

Eagle River Complex

- Overall gold production from the Eagle River Complex
 - Eagle River Underground 48,133 tonnes at a head grade of 0.12 g/t
 - Mishi Open Pit 6,150 tonnes at a head grade of 0.12 g/t
- Q1 2023 cash cost of \$1,192 (US\$881) per ounce of gold
- Q1 2023 AISC of \$1,709 (US\$1,264) per ounce of gold
- Generated \$20.1 million in cash margin net AISC¹ in Q1 2023
- At December 31, 2022, Eagle River's proven and probable mineral reserves total 1.1 million ounces of gold
- As a result of drilling to the west of Eagle River, the Company has identified additional mineral resources

Kiena

- Q1 2023 production increased by 54% from Q1 2022
- Q1 2023 cash cost of \$2,267 (US\$1,676) per ounce of gold
- Q1 2023 AISC of \$3,048 (US\$2,254) per ounce of gold
- Q1 2023 cash margin net AISC¹ of negative \$2.8 million
- The pastefill plant, which was commissioned in Q4 2022, is now fully operational
- Development of the ramp to the 129L which provides access to the Kiena Deep A
- At Kiena, proven and probable mineral reserves total 1.1 million ounces of gold
- The Company is following up on multiple initial discovery holes
- Recent drill results have extended the Kiena Deep A
- Additionally, the latest drilling results have also confirmed the presence of mineral resources
- The excavation of an exploration ramp from surface to the 129L is currently underway
- Total metres budgeted for 2023 is 33,000 m, which is expected to be completed by the end of the year

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

Technical Disclosure

The technical content of this release has been compiled, reviewed and approved by Frédéric Langevin, Eng, Chief Operating Officer of the Company 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.

First Quarter 2023 Conference Call and Webcast

The Company will release its first quarter 2023 financial results after market close on Wednesday, May 10, 2023. At that time, the financial statements and management discussion and analysis will be available on the company's website at www.wesdome.com and on SEDAR www.sedar.com. A conference call and webcast to discuss these results will be held on Thursday May 11 at 10:00 am ET.

- Participants may register for the call at the link below to obtain details. Preregistration is required for this event. It is recommended you join 10 minutes prior to the start of the event.
- Participant Registration Link:

<https://register.vevent.com/register/BI10a0c8d0e83a4371b94467e2f3eb1722>

- Webcast Link:

<https://edge.media-server.com/mmc/p/zcqburt>

- The webcast can also be accessed under the news and events section of the company's website

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ABOUT WESDOME

Wesdome is a Canadian focused gold producer with two high grade underground assets, the Eagle River mine in Ontario and the recently commissioned Kiena mine in Quebec. The Company also retains meaningful exposure to the Moss Lake gold deposit in Ontario through its equity position in [Goldshore Resources Inc.](#) The Company's primary goal is to responsibly leverage this operating platform and high-quality brownfield and greenfield exploration pipeline to build Canada's next intermediate gold producer. Wesdome trades on the Toronto Stock Exchange under the symbol "WDO," with a secondary listing on the OTCQX under the symbol "WDOFF."

For further information, please contact:

Warwick Morley-Jepson
Board Chair & Interim CEO
416-360-3743 ext. 2029
w.morley-jepson@wesdome.com

Lindsay Carpenter Dunlop
VP Investor Relations
or 416-360-3743 ext. 2025
lindsay.dunlop@wesdome.com

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

FORWARD-LOOKING INFORMATION

This news release contains "forward-looking information" which may include, but is not limited to, statements with respect to the benefits of achieving commercial production at Kiena, the Company's expected capital expenditure in 2023, the timing around reaching the Kiena Deep A Zone, the Company's ability to be cash flow positive and its annual production run rate. 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.

[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 March 31,	
	2023	2022
Operating data		
Milling (tonnes)		
Eagle River	48,133	53,217
Mishi	6,150	11,873
Kiena	42,324	21,162
Throughput ²	96,607	86,252
Head grades (g/t)		
Eagle River	13.5	11.6
Mishi	2.3	3.6
Kiena	5.9	7.7
Recovery (%)		
Eagle River	96.9	97.4
Mishi	72.5	84.8
Kiena	97.9	98.0
Production (ounces)		
Eagle River	20,159	19,334
Mishi	332	1,165
Kiena	7,877	5,112
Total gold produced ²	28,368	25,611
Total gold sales (ounces)	30,000	28,000
Eagle River Complex (per ounce of gold sold) ¹		
Average realized price	\$ 2,545	\$ 2,396
Cash costs	1,192	1,262
Cash margin	\$ 1,353	\$ 1,134
All-in Sustaining Costs ¹	\$ 1,709	\$ 1,771
Mine operating costs/tonne milled ¹	\$ 475	\$ 385
Average 1 USD ? CAD exchange rate	1.3525	1.2662
Cash costs per ounce of gold sold (US\$) ¹	\$ 881	\$ 997
All-in Sustaining Costs (US\$) ¹	\$ 1,264	\$ 1,399
Kiena Mine (per ounce of gold sold) ¹		
Average realized price	\$ 2,588	\$ 2,344
Cash costs ^{3, 5}	2,267	1,364
Cash margin	\$ 321	\$ 980
All-in Sustaining Costs ¹	\$ 3,048	\$ 1,541
Mine operating costs/tonne milled ¹	\$ 426	\$ 579
Average 1 USD ? CAD exchange rate	1.3525	1.2662
Cash costs per ounce of gold sold (US\$) ¹	\$ 1,676	\$ 1,077
All-in Sustaining Costs (US\$) ¹	\$ 2,254	\$ 1,217
Financial Data		
Cash margin ¹	\$ 34,408	\$ 30,342
Net income (loss)	\$ (345)	\$ 7,051
Net income adjusted ¹	\$ 3,257	\$ 7,051
Earnings before interest, taxes, depreciation and amortization ¹	\$ 26,124	\$ 20,650

Operating cash flow	\$ 5,120	\$ 29,893
Free cash flow	\$ (19,597)	\$ (6,796)
Per share data		
Net income	\$ 0.00	\$ 0.05
Adjusted net income ¹	\$ 0.02	\$ 0.05
Operating cash flow ¹	\$ 0.04	\$ 0.21
Free cash flow ¹	\$ (0.14)	\$ (0.05)

1. Refer to the Company's 2021 Annual Management Discussion and Analysis section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the consolidated financial statements.

2. Totals for tonnage and gold ounces may not add due to rounding.

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

	As at March 31, 2023	December 31, 2022
Assets		
Current		
Cash and cash equivalents	\$ 25,060	\$ 33,185
Receivables and prepaids	13,862	12,755
Inventories	30,786	22,119
Income and mining tax receivable	7,515	6,494
Share consideration receivable	1,943	2,994
Total current assets	79,166	77,547
Restricted cash	1,176	1,176
Deferred financing costs	1,279	1,411
Mining properties, plant and equipment	528,141	525,860
Exploration properties	1,339	1,139
Marketable securities	630	960
Share consideration receivable	1,591	2,576
Investment in associate	5,402	8,458
Total assets	\$ 618,724	\$ 619,127
Liabilities		
Current		
Payables and accruals	\$ 42,514	\$ 54,734
Borrowings	46,744	54,697
Current portion of lease liabilities	4,620	6,160
Total current liabilities	93,878	115,591
Lease liabilities	2,208	3,126
Deferred income and mining tax liabilities	82,165	82,950
Decommissioning provisions	20,119	18,941
Total liabilities	198,370	220,608
Equity		
Equity attributable to owners of the Company		
Capital stock	227,360	205,361
Contributed surplus	7,870	7,359
Retained earnings	186,594	186,939
Accumulated other comprehensive loss	(1,470)	(1,140)
Total equity attributable to owners of the Company	420,354	398,519
Total liabilities and equity	\$ 618,724	\$ 619,127

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Condensed Interim Statements of Income and Comprehensive Income

(Unaudited, expressed in thousands of Canadian dollars except for per share amounts)

	Three Months Ended March 31,	
	2023	2022
Revenues	\$ 76,701	\$ 66,694
Cost of sales	(61,418)	(44,706)
Gross profit	15,283	21,988
Other expenses		
Corporate and general	3,662	3,375
Stock-based compensation	1,774	76
Retirement costs	1,190	-
Exploration and evaluation	960	2,956
Loss (gain) on disposal of mining equipment	218	(2)
Total other expenses	7,804	6,405
Operating income	7,479	15,583
Impairment of investment in associate	(2,700)	-
Fair value adjustment on share consideration receivable	(2,036)	(2,234)
Interest expense	(1,309)	(263)
Accretion of decommissioning provisions	(244)	(171)
Share of loss of associate	(356)	(412)
Loss on dilution of ownership	-	(205)
Other expenses	54	(265)
Income before income and mining taxes	888	12,033
Income and mining tax expense (recovery)		
Current	2,018	2,488
Deferred	(785)	2,494
Total income and mining tax expense	1,233	4,982
Net (loss) income	\$ (345)	\$ 7,051
Other comprehensive (loss) income		
Change in fair value of marketable securities	(330)	510
Total comprehensive (loss) income	\$ (675)	\$ 7,561
(Loss) Earnings per share		
Basic	\$ (0.00)	\$ 0.05
Diluted	\$ (0.00)	\$ 0.05
Weighted average number of common shares (000s)		
Basic	144,463	141,830
Diluted	144,463	143,467

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Condensed Interim Statements of Changes in Equity

(Unaudited, expressed in thousands of Canadian dollars)

	Capital	Contributed	Retained	Accumulated Other Comprehensive	Total
	Stock	Surplus	Earnings	(Loss) Income	Equity
Balance, December 31, 2021	\$ 187,911	\$ 5,859	\$ 201,645	\$ (240)	\$ 395,175

Net income for the period ended March 31, 2022	-	-	7,051	-	7,051
Other comprehensive income	-	-	-	510	510
Exercise of options	2,767	-	-	-	2,767
Value attributed to options exercised	1,051	(1,051)	-	-	-
Value attributed to RSUs exercised	638	(638)	-	-	-
Stock-based compensation	-	76	-	-	76
Balance, March 31, 2022	\$ 192,367	\$ 4,246	\$ 208,696	\$ 270	\$ 405,579
Balance, December 31, 2022	\$ 205,361	\$ 7,359	\$ 186,939	\$ (1,140)	\$ 398,519
Net loss for the period ended March 31, 2023			(345)		(345)
At-the-Market offering:					
Common shares issued for cash	20,990	-	-	-	20,990
Agents' fees and issuance costs	(930)	-	-	-	(930)
Other comprehensive loss	-	-	-	(330)	(330)
Exercise of options	676	-	-	-	676
Value attributed to options exercised	276	(276)	-	-	-
Value attributed to RSUs exercised	616	(616)	-	-	-
Value attributed to PSUs exercised	371	(371)	-	-	-
Stock-based compensation	-	1,774	-	-	1,774
Balance, March 31, 2023	\$ 227,360	\$ 7,870	\$ 186,594	\$ (1,470)	\$ 420,354

[Wesdome Gold Mines Ltd.](#)

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

	Three Months Ended March 31,	
	2023	2022
Operating Activities		
Net (loss) income	\$ (345)	\$ 7,051
Depreciation and depletion	19,125	8,354
Stock-based compensation	1,774	76
Accretion of decommissioning provisions	244	171
Deferred income and mining tax (recovery) expense	(785)	2,494
Amortization of deferred financing cost	132	84
Interest expense	1,309	263
Loss (gain) on disposal of mining equipment	218	(2)
Impairment of investment in associate	2,700	-
Fair value adjustment on share consideration receivable	2,036	2,234
Share of loss of associate	356	412
Loss on dilution of ownership	-	205
Foreign exchange loss (gain) on borrowings	(1)	(32)
Net changes in non-cash working capital	(18,604)	14,264
Mining and income tax paid	(3,039)	(5,681)
Net cash from operating activities	5,120	29,893
Financing Activities		
Proceeds from At-the-Market offering	20,990	-
Agents' fees and issuance costs	(930)	-
Repayment of revolving credit facility	(7,955)	-
Exercise of options	676	2,767
Repayment of lease liabilities	(1,784)	(2,086)

Interest paid	(1,309)	(263)
Net cash from financing activities	9,688	418
Investing Activities		
Additions to mining properties	(22,733)	(6,190)
Additions to mines under development	-	(28,413)
Purchase of exploration property	(200)	-
Net cash used in investing activities	(22,933)	(34,603)
Decrease in cash and cash equivalents	(8,125)	(4,292)
Cash and cash equivalents - beginning of period	33,185	56,764
Cash and cash equivalents - end of period	\$ 25,060	\$ 52,472
Cash and cash equivalents consist of:		
Cash	\$ 25,060	\$ 52,472
Term deposits	-	-
	\$ 25,060	\$ 52,472

PDF available:

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