



## Wesdome Announces 2020 First Quarter Financial Results; Generates \$16.7 Million in Free Cash Flow

TORONTO, May 05, 2020 (GLOBE NEWSWIRE) -- Wesdome Gold Mines Ltd. (TSX: WDO) ("Wesdome" or the "Company") today announces first quarter ("Q1 2020") financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO commented, "In Q1, mill availability improved to 89%, resulting in 55,874 tonnes milled at a head grade of 14.0 grams per tonne ("g/t Au") for 24,457 ounces produced, 36% increase over the previous year (Q1 2019: 17,955 ounces) at the Eagle River Underground Mine. With our strong production and favourable gold price, the company was able to generate \$16.7 million in free cash flow, thereby resulting in a cash position at the end of the quarter of \$49.4 million. Cash costs of \$1,120 (US\$833) and all-in sustaining costs of \$1,423 (US\$1,058) per ounce increased over Q1 2019 (\$866 or US\$651 per ounce) and (\$1,311 or US\$986 per ounce) because of lower grades and the decision to accelerate the processing of the stockpiles in response to the uncertainty surrounding the impact of COVID-19.

The Eagle River mine is in reduced operations mode due to management of COVID-19. As a result, and because of accelerated mining of the stockpile, we expect slightly lower production in Q2, but we are maintaining annual guidance of 90,000 – 100,000 ounces and operating cost guidance of \$800 – \$875 (US\$615 – \$670) and AISC guidance of \$1,280 - \$1350 (US\$985 - \$1,040) per ounce. As a result of the uncertainty related to COVID-19, it is likely that we will not drill our planned 237,000 metres this year. Further impacts are likely and an update on our progress, along with a revised capex forecast, will be provided as more details become available.

At Kiena, a definitive restart date has not been provided by the Government, but May 11, 2020 is a possibility. We will resume all drilling and development as soon as the Government allows exploration to commence, and the preliminary economic assessment will be published later this month.

On behalf of management and the board of directors, I would like to thank all our employees for their efforts and cooperation with new protocols and procedures during these unprecedented times."

### Key operating and financial highlights of the Q1 2020 results include:

- Gold production of 25,122 ounces from the Eagle River Complex, a 32% increase over the same period in the previous year (Q1 2019: 19,010 ounces):
  - Eagle River Underground 55,874 tonnes at a head grade of 14.0 grams per tonne ("g/t Au") for 24,457 ounces produced, 36% increase over the previous year (Q1 2019: 17,955 ounces).
  - Mishi Open Pit 11,047 tonnes at a head grade of 2.5 g/t Au for 665 ounces produced (Q1 2019: 1,055 ounces).
- Revenue of \$57.3 million, a 76% increase over the previous year (Q1 2019: \$32.5 million).
- Ounces sold 26,500 at an average sales price of \$2,162/oz (Q1 2019: 18,760 ounces at an average price of \$1,733/oz).
- Earned mine profit<sup>1</sup> of \$27.6 million, a 70% increase over Q1 2019 (Q1 2019 - \$16.3 million).
- Operating cash flow of \$33.4 million or \$0.24 per share<sup>1</sup> as compared to \$12.6 million or \$0.09 per share for the same period in 2019.
- Free cash flow of \$16.7 million, net of an investment of \$9.2 million in Kiena, or \$0.12 per share<sup>1</sup> (Q1 2019: free cash outflow flow of (\$0.4 million or nil per share).
- Net income of \$11.5 million or \$0.08 per share (Q1 2019: \$8.1 million or \$0.06 per share) and Net income (adjusted)<sup>1</sup> of \$11.5 million or \$0.08 per share (Q1 2019: \$5.7 million or \$0.04 per share).
- Cash position increased to \$49.4 million compared to \$35.7 million in the previous quarter.
- Cash costs<sup>1</sup> of \$1,120/oz or US\$833/oz, a 29% increase over the same period in 2019 (Q1 2019: \$866/oz or US\$651/oz) due to the lower head grade and the decrease in the stockpile levels.
- All-in sustaining costs ("AISC")<sup>1</sup> of \$1,423/oz or US\$1,058/oz, a 9% increase over the same period in 2019 (Q1 2019: \$1,311/oz or US\$986/oz), due to the lower head grade and the decrease in stockpile levels.

1. Refer to the Company's 2020 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	<ul style="list-style-type: none"> <li>The mineral resources and reserves for the Eagle River Complex were recently updated and can be summarized as follows:</li> <li>Increased Eagle River reserves by 36% net of 91,066 ounces of depletion. Mineral Reserves at Eagle River of 550,000 contained gold ounces (1,186,000 tonnes at 14.4 g/t Au, an increase of 20% in grade), of which 72% is located in the high grade 300 Zone.</li> <li>Mishi Pit reserves slightly decreased compared to 2018 at 10,500 contained ounces (116,000 tonnes at 2.8 g/t Au)</li> <li>Increased Eagle River Measured and Indicated Resources (exclusive of reserves) by 258%, or 3.6 times over 2018. Measured &amp; Indicated Mineral Resources (exclusive of reserves) at Eagle River increased to 111,000 contained gold ounces (380,000 tonnes at 9.0 g/t Au).</li> <li>Inferred resources (exclusive of reserves) at Eagle River and Mishi remain the same at 159,000 and</li> </ul>

	<p>212,000 contained ounces respectively.</p> <ul style="list-style-type: none"> <li>i. Ongoing extension and definition drilling of the 300 East Zones, and in particular the 303 Lens, has continued to return high grade gold intersections. Initially defined from the 750 m-level to 1,000 m-level, this zone has now been extended an additional 300 m down plunge to the 1,300 m-level.</li> <li>ii. Surface drilling continues to extend and better define the Falcon Zones, located in volcanic rocks approximately 200 m west of the mine diorite. Surface drilling has continued to expand the zone of mineralization to a depth of 4400 m elevation (i.e. 600 vertical m below surface) and over a strike of 200 m.</li> <li>iii. In order to better test the down plunge extension of the Falcon Zone, a drill rig has been positioned underground on the 772 m elevation. Initial drilling from underground has intersected visible gold mineralization in quartz veining approximately 70 m down plunge of the Falcon Zone. Given the steep easterly plunge defined by the recent drilling, it is interpreted that the Falcon 7 Zone now extends an additional 500 m down plunge and is the up plunge extension of the 7 Zone currently being mined near the 1,000 m elevation.</li> </ul>
<p><b>Kiena</b></p>	<ul style="list-style-type: none"> <li>i. On September 25, 2019, Wesdome announced an updated Mineral Resource Estimate including drill data as of August 6, 2019. Highlights include <ul style="list-style-type: none"> <li>i. Increased Kiena Deep A Zone Indicated resources from 99,300 to 405,100 ounces</li> <li>ii. Increased Kiena Deep A Zone Inferred resources from 241,100 ounces to 332,000 ounces</li> <li>iii. Increased Kiena Deep A Zone Indicated resource grade from 9.95 g/t Au to 18.55 g/t Au</li> <li>iv. Increased proportion of Indicated resources to over 50% in the A Zone (versus 30% previously in A Zone).</li> </ul> </li> <li>ii. Current operational suspension in Quebec due to the COVID-19 pandemic will challenge the Company in achieving it's full 2020 exploration program.</li> <li>iii. Prior to the COVID-19 suspension, seven underground drills were in operation completing the infill and up and down plunge extension drilling of the Kiena Deep A Zone. This drilling has continued to confirm the overall continuity of the geometry and the high-grade gold mineralization of the Kiena Deep A Zone and identify additional mineralization outside of the most recent resource estimate. Recent drilling has extended the gold mineralization of the A Zone an additional 100 m down plunge and now extends a total in excess of 830 m.</li> <li>iv. The 79 Level Ramp was completed in early 2020. It provides optimal drill platforms for testing the up-plunge extension of the Kiena Deep A Zone between the 670 m-level and the 1050 m-level and will serve as a haulage drift for any future production from this area as it accesses the main shaft level dump pocket. Two of the seven drills are drilling the potential up plunge extension of the Kiena Deep A Zone. Previous limited drilling into the up-plunge area from 67 Level returned a number of good intersections that require follow up. Based on recent drilling from 67 Level, it is interpreted that the VC zones are folded as they extend down plunge to connect with the Kiena Deep A Zone.</li> <li>v. In addition, a total of 172m of advance was achieved in the main ramp, below the 1050m elevation, reaching the 109 Level at the end of the quarter.</li> </ul>

## 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 First Quarter Financial Results Conference Call:

North American Toll Free: + 1 (844) 202-7109

International Dial-In Number: +1 (703) 639-1272

Conference ID: 2377817

Webcast link: <https://edge.media-server.com/mmc/p/a94d2d3n>

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 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 138.5 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>
--	--

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.  
Summarized Operating and Financial Data**

(Unaudited, expressed in thousands of Canadian dollars, except per share and per unit amounts and otherwise indicated)

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<b>2020</b>	2019
<b>Operating data</b>		
<b>Milling (tonnes)</b>		
Eagle River	<b>55,874</b>	30,941
Mishi	<b>11,047</b>	18,470
Throughput <sup>2</sup>	<b>66,922</b>	49,411
<b>Head grades (g/t)</b>		
Eagle River	<b>14.0</b>	18.5
Mishi	<b>2.5</b>	2.2
<b>Recovery (%)</b>		
Eagle River	<b>97.3</b>	97.6
Mishi	<b>74.8</b>	80.6
<b>Production (ounces)</b>		
Eagle River	<b>24,457</b>	17,955
Mishi	<b>665</b>	1,055
<b>Total gold produced <sup>2</sup></b>	<b>25,122</b>	19,010
<b>Total gold sales (ounces)</b>	<b>26,500</b>	18,760

**Eagle River Complex (per ounce of gold sold) <sup>1</sup>**

Average realized price	<b>\$ 2,162</b>	<b>\$ 1,733</b>
------------------------	-----------------	-----------------

Cash costs	1,120	866
Cash margin	<u>\$ 1,042</u>	<u>\$ 867</u>
All-in Sustaining Costs <sup>1</sup>	<u>\$ 1,423</u>	<u>\$ 1,311</u>
Average 1 USD → CAD exchange rate	1.3449	1.3295
Cash costs per ounce of gold sold ( <b>US\$</b> ) <sup>1</sup>	<u>\$ 833</u>	<u>\$ 651</u>
All-in Sustaining Costs ( <b>US\$</b> ) <sup>1</sup>	<u>\$ 1,058</u>	<u>\$ 986</u>

#### Financial Data

Mine profit <sup>1</sup>	<u>\$ 27,619</u>	<u>\$ 16,259</u>
Net income	<u>\$ 11,513</u>	<u>\$ 8,092</u>
Net income adjusted <sup>1</sup>	<u>\$ 11,513</u>	<u>\$ 5,723</u>
Operating cash flow	<u>\$ 33,429</u>	<u>\$ 12,581</u>
Free cash flow (outflow) <sup>1</sup>	<u>\$ 16,672</u>	<u>\$ (429)</u>
Per share data		
Net income	<u>\$ 0.08</u>	<u>\$ 0.06</u>
Adjusted net earnings <sup>1</sup>	<u>\$ 0.08</u>	<u>\$ 0.04</u>
Operating cash flow	<u>\$ 0.24</u>	<u>\$ 0.09</u>
Free cash flow (outflow) <sup>1</sup>	<u>\$ 0.12</u>	<u>\$ -</u>

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 49,398	\$ 35,657
Receivables and prepaids	1,897	1,996
Sales tax receivable	3,538	3,344
Inventories	11,321	19,667
Total current assets	<u>66,154</u>	<u>60,664</u>
Restricted Cash	657	657
Deferred financing cost	952	988
Mining properties, plant and equipment	118,272	116,765
Exploration properties	115,798	106,644
Total assets	<u>\$ 301,833</u>	<u>\$ 285,718</u>
<b>Liabilities</b>		
Current		
Borrowings	\$ -	\$ 3,636
Payables and accruals	21,289	19,219
Income and mining tax payable	2,367	1,419
Current portion of lease liabilities	4,527	3,781
Total current liabilities	<u>28,183</u>	<u>28,055</u>
Lease liabilities	6,258	5,889
Deferred income and mining tax liabilities	27,329	23,829
Decommissioning provisions	20,962	21,443
Total liabilities	<u>82,732</u>	<u>79,216</u>
<b>Equity</b>		
Equity attributable to owners of the Company		
Capital stock	176,372	174,789
Contributed surplus	5,093	5,590
Retained earnings	37,636	26,123
Total equity attributable to owners of the Company	<u>219,101</u>	<u>206,502</u>

Total liabilities and equity

\$ 301,833 \$ 285,718

**Wesdome Gold Mines Ltd.**  
**Consolidated Statements of Income (loss) and Comprehensive Income (loss)**  
(Expressed in thousands of Canadian dollars except for per share amounts)

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<u>2020</u>	<u>2019</u>
<b>Revenues</b>	\$ 57,332	\$ 32,535
<b>Cost of sales</b>	<u>(37,590)</u>	<u>(20,185)</u>
<b>Gross profit</b>	<u>19,742</u>	<u>12,350</u>
<b>Other expenses</b>		
Corporate and general	1,971	2,008
Stock-based compensation	<u>404</u>	<u>1,099</u>
	<u>2,375</u>	<u>3,107</u>
<b>Operating income</b>	<u>17,367</u>	<u>9,243</u>
Quebec exploration credits refund	-	2,867
Interest expense	(324)	(112)
Accretion of decommissioning provisions	(125)	(115)
Interest and other income	<u>364</u>	<u>294</u>
<b>Income before mining and income tax</b>	<u>17,282</u>	<u>12,177</u>
Income and mining tax expense		
Current	2,270	968
Deferred	<u>3,499</u>	<u>3,117</u>
	<u>5,769</u>	<u>4,085</u>
<b>Net income and total comprehensive income</b>	<u>\$ 11,513</u>	<u>\$ 8,092</u>
<b>Net earnings per share</b>		
Basic	<u>\$ 0.08</u>	<u>\$ 0.06</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.06</u>
<b>Weighted average number of common shares (000s)</b>		
Basic	138,464	135,788
Diluted	142,024	139,550

**Wesdome Gold Mines Ltd.**  
**Consolidated Statements of Total Equity**  
(Expressed in thousands of Canadian dollars)

	<u>Capital Stock</u>	<u>Contributed Surplus</u>	<u>Retained Earnings/ (Deficit)</u>	<u>Total Equity</u>
Balance, December 31, 2018	\$ 166,387	5,777	(14,955)	157,209
Net income for the period ended				
March 31, 2019	-	-	8,092	8,092
Exercise of options	1,902	-	-	1,902
Value attributed to options exercised	933	(933)	-	-
Value attributed to options expired	-	(59)	59	-
Value attributed to RSUs exercised	253	(253)	-	-
Stock-based compensation	-	<u>1,099</u>	-	<u>1,099</u>
<b>Balance, March 31, 2019</b>	<u>\$ 169,475</u>	<u>\$ 5,631</u>	<u>\$ (6,804)</u>	<u>\$ 168,302</u>
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 RSU exercised	577	(577)	-	-
Stock-based compensation	-	404	-	404
<b>Balance, March 31, 2020</b>	<b>\$ 176,372</b>	<b>\$ 5,093</b>	<b>\$ 37,636</b>	<b>\$ 219,101</b>

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

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Net income	\$ 11,513	\$ 8,092
Depletion and depreciation	7,877	3,909
Stock-based compensation	404	1,099
Accretion of decommission provisions	125	115
Deferred income and mining tax expense	3,499	3,117
Interest expense	324	112
Foreign exchange loss on lease financing	351	-
	<u>24,093</u>	<u>16,444</u>
Net changes in non-cash working capital	10,656	(3,863)
Mining tax paid	(1,320)	-
Net cash from operating activities	<u>33,429</u>	<u>12,581</u>
<b>Financing activities</b>		
Exercise of options	682	1,902
Amortization of deferred financing cost	32	-
Repayment of borrowings	(3,636)	-
Payments of lease liabilities	(1,057)	(1,255)
Interest paid	(324)	(112)
Net cash from (used in) provided by financing activities	<u>(4,303)</u>	<u>535</u>
<b>Investing activities</b>		
Additions to mining properties	(6,546)	(6,217)
Additions to exploration properties	(9,154)	(5,538)
Net changes in non-cash working capital	315	(892)
Net cash used in investing activities	<u>(15,385)</u>	<u>(12,647)</u>
Increase in cash and cash equivalents	13,741	469
Cash and cash equivalents, beginning of period	35,657	27,378
Cash and cash equivalents, end of period	<u>\$ 49,398</u>	<u>\$ 27,847</u>
Cash and cash equivalents consist of:		
Cash	\$ 49,398	\$ 17,847
Term deposits	-	10,000
	<u>\$ 49,398</u>	<u>\$ 27,847</u>