

Wesdome announces 2020 Q2 financial results



Wesdome Gold Mines Ltd. (TSX: WDO)

Announced Q2 2020 financial results.

Mr. Duncan Middlemiss, President and CEO commented, “During Q2, Wesdome generated operating cash flow of \$30.2 million or \$0.22 per share, and free cash flow of \$17.7 million, net of an investment of \$6.0 million in Kiena, or \$0.13 per share, ending the quarter with a cash position of \$66.7 million (Q1 2020: \$49.4 million)

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Wesdome Kiena Mine, map.

WESDOME ANNOUNCES 2020 SECOND QUARTER FINANCIAL RESULTS

TORONTO, Aug. 11, 2020 – [Wesdome Gold Mines Ltd. \(TSX: WDO\)](#) (“Wesdome” or the “Company”) today announces second quarter (“Q2 2020”) financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO commented, “During Q2, Wesdome generated operating cash flow of \$30.2 million or \$0.22 per share and free cash flow of \$17.7 million, net of an investment of \$6.0 million in Kiena, or \$0.13 per share, ending the quarter with a cash position of \$66.7 million (Q1 2020: \$49.4 million). Cash costs for the quarter were \$882 per ounce (US: \$637) and All-in sustaining costs were \$1,218 per ounce (US \$879) a 21% and 14% decrease respectively over Q1 2020.

With H1 2020 total gold production of 50,264 ounces at an average grade of 15.8 grams per tonne at the Eagle River mine, the Company is well-positioned to achieve its full year guidance range of 90,000 – 100,000 ounces at an average grade of 15 – 16.7 grams per tonne. H1 2020 cash costs of \$1,009 per ounce (US\$739) are above the high end of the company’s guidance range of \$875 per ounce (US\$670) due to inventory adjustments in the first quarter, and reduced operational efficiencies related to protocols implemented due to COVID-19.

The Company is revising cash cost guidance for the year to \$950 – \$975 per ounce (US\$700 – \$720). H1 2020 All-in sustaining costs of \$1,327 per ounce (US\$972) are within the company’s guidance range of \$1,280 – \$1,350 per ounce (US \$985 – \$1,040) and we expect full year costs to be within this

range.

The Eagle River complex was operating on reduced operations, and some work, such as exploration, mine and tailing construction activities, that were suspended in order to facilitate enhanced physical distancing to limit the potential spread of the COVID-19 virus, have gradually restarted in the second quarter. The initial budget for Eagle River underground exploration was 119,000 metres, which will now be 85,000 metres. Surface exploration metres of 33,500 metres will be largely unchanged, and we will introduce some regional exploration campaigns away from the existing mine.

At Kiena, work was shut down on March 24 in response to the Government of Quebec's mandated closures due to the COVID-19 virus, and resumed on May 11. Drilling activities are back to 100% capacity, and we expect to achieve our previously guided drill metres of 80,000 metres. We expect to publish an updated resource estimate in Q4, followed by a Pre-feasibility study. During the quarter, we also completed our Preliminary Economic Analysis ("PEA") which delivered favourable economics of an after-tax IRR of 102%. A summary of the PEA was released on May 27, and the full report filed on June 25. Both reports are available on the Company's website and on [sedar.com](https://www.sedar.com).

Additionally, the Company wishes to announce the appointment of Raj Gill to the position of Vice President, Corporate Development. Raj has over 11 years of experience in the mining industry and capital markets including equity research, and most recently Director of Corporate Development at Kinross where he led and supported a range of strategic, financial and technical initiatives. Raj will be a great asset as Wesdome continues on its trajectory of becoming an all-Canadian intermediate gold producer."

Key operating and financial highlights of the Q2 2020 results include:

- Gold production of 25,142 ounces from the Eagle River Complex, a 12.1% increase over the same period in the previous year (Q2 2019: 22,437 ounces):
 - Eagle River Underground 42,349 tonnes at a head grade of 18.1 grams per tonne (“g/t Au”) for 24,117 ounces produced, 15.5% increase over the previous year (Q2 2019: 20,873 ounces).
 - Mishi Open Pit 13,721 tonnes at a head grade of 2.9 g/t Au for 1,026 ounces produced (Q2 2019: 1,564 ounces).
- Revenue of \$54.8 million, a 29.6% increase over Q2 2019 (Q2 2019: \$42.3 million).
- Ounces sold 23,140 at an average sales price of \$2,365/oz (Q2 2019: 24,113 ounces at an average price of \$1,752/oz).
- Earned mine profit¹ of \$34.3 million, a 55% increase over Q2 2019 (Q2 2019 – \$22.1 million).
- Cash costs ¹ of \$882 (US\$637) per ounce of gold sold (Q2 2019 of \$837 (US\$626) due to higher tonnes processed at the mill.
- All-in sustaining costs (“AISC”) ¹ of \$1,218/oz or US\$879/oz, a slight decrease over the same period in 2019 (Q2 2019: \$1,220/oz or US\$912/oz), due to lower sustaining capital expenditures; partially offset by lower grades and higher tonnage processed at the Mill.
- Operating cash flow of \$30.2 million or \$0.22 per share¹ as compared to \$15.4 million or \$0.11 per share for the same period in 2019.
- Free cash flow of \$17.7 million, net of an investment of \$6.0 million in Kiena, or \$0.13 per share¹ (Q2 2019: free

cash flow of \$1.2 million or \$0.01 per share.

- Net income of \$16.1 million or \$0.12 per share (Q2 2019: \$8.3 million or \$0.06 per share) and Net income (adjusted)¹ of \$16.4 million or \$0.12 per share (Q2 2019: \$8.3 million or \$0.06 per share).
- Cash position increased to \$66.7 million compared to \$49.4 million in the previous quarter.

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[To read the full news release, please click HERE](#)

Company Highlights – Wesdome Gold

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 138.0 million shares issued and outstanding and trades on the Toronto Stock Exchange under the symbol "WDO".



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