Wesdome Gold earns $5.7-million in Q2 2018

Wesdome {TSX.V: WDO}

Announced Q2 2018 earnings of CAD $ 5.7 million for Q2 2018.

Duncan Middlemiss, CEO commented: *"The Eagle River complex continues to outperform. With gold production in Q2 at 16,628 ounces, this brings our H1 2018 total gold production to 34,576 ounces, which is ahead of our expectations by 15%.. As a result, we are raising 2018 guidance to 70,000 to 75,000 ounces.*

2018-08-01 13:38 ET – News Release

Mr. Duncan Middlemiss reports

WESDOME ANNOUNCES 2018 SECOND QUARTER FINANCIAL RESULTS AND RAISES PRODUCTION GUIDANCE

Duncan Middlemiss, president and chief executive officer, commented: *"The Eagle River complex continues to outperform. Two thousand eighteen production guidance was originally forecast to range between 62,000 to 68,000 ounces of gold. With gold production in Q2 at 16,628 ounces, this brings our H1 2018 total gold production to 34,576 ounces, which is ahead of our internal expectations by 15 per cent. As a result, we are raising 2018 production guidance to 70,000 to 75,000 ounces.*

Production in the second half the year is expected to be bolstered by the commencement of stope production in the high-grade 303 lens. Operating and all-in sustaining costs for Q2 of $886 per ounce and $1,242 per ounce were 7 per cent and 11 per cent below the low-end of our cost guidance, respectively. Accordingly, we are lowering operating cost guidance to $925 to $1,000 per ounce ($720 (U.S.) to $770 (U.S.)) and all-in sustaining costs to $1,350 to $1,425 per ounce ($1,050 (U.S.) to $1,100 (U.S.)). Free cash flow generation during Q2, after incurring $5.1-million of exploration expenditures at Kiena, was $2.0-million, the third consecutive quarter of free cash flow generation.

"At Kiena, drilling continues to return high-grade results at economic widths, and we intend to release a resource update by the end of the year. As previously announced, we have also decided to immediately extend four drill drifts located off of the exploration ramp by a total of 450 metres in order to effectively test the size of this deposit and complete infill drilling more quickly. Additionally, this development could be useful for production purposes in a restart scenario. With a current cash balance of $26.7-million, we are well positioned to continue our development plans for both the Eagle River

complex and Kiena mine."

Key operating and financial highlights in Q2 2018 include:

- Gold production of 16,628 ounces from the Eagle River complex, a 33-per-cent increase over the same period in the previous year (Q2 2017: 12,529 ounces):
  - Eagle River underground – 43,378 tonnes at a head grade of 11.0 grams per tonne gold for 14,767 ounces produced, a 39-per-cent increase over the previous year (Q2 2017: 10,597 ounces);
  - Mishi open pit – 25,233 tonnes at a head grade of 2.7 g/t Au for 1,860 ounces produced (Q2 2017: 1,932 ounces);
- Revenue of $31.4-million, a 35-per-cent increase over the previous year (Q2 2017: $23.2-million);
- Ounces sold: 18,573 at an average sales price of $1,692/ounce (Q2 2017: 13,030 ounces at an average price of $1,715/oz);
- Cash costs1 of $886/oz or $686 (U.S.)/oz, a 30-per-cent decrease over the same period in 2017 (Q2 2017: $1,264/oz or $940 (U.S.)/oz);
- AISC of $1,242/oz or $962 (U.S.)/oz, a 28-per-cent decrease over the same period;
- Earned mine profit of $15.0-million, a 2.5 times increase over Q2 2017 (Q2 2017 – $5.9-million);
- Operating cash flow of $12.4-million or nine cents per share, a 2.1 times increase over the previous year (Q2 2017: $5.9-million or four cents per share);
- Free cash flow of $2.0-million or one cent per share (Q2 2017: outflow of $4.6-million or (three cents) per share);
- Net income of $5.7-million or four cents per share (Q2 2017: $900,000 or one cent per share). Net income (adjusted) for Q2 2018 was also $5.7-million or four cents per share;

- Cash position of $26.7-million;
- Refer to the company’s 2018 interim management discussion and analysis for the three and six months ended June 30, 2018, section entitled “non-IFRS performance measures” for the reconciliation of these non-IFRS measurements to the financial statements.

Exploration highlights for Q2 2018

Eagle River:

- Mine development on the 864-metre level within the 300E zone has continued to confirm the continuity of the strong grades and the geometry of the mineralized zones between drifts and the encompassing drill holes. Lens 303 returned 50.5 grams per tonne Au over an average width of 8.6 m and over a strike length of 20.1 m. The 303E zone accounts for approximately 19 per cent of the current mineral reserves and will continue to be the focus of mining development in the latter half of the year.
- Development drifting on 7 zone continues to return longer-than-average strike lengths including a combined 23.8 g/t Au (20.2 g/t Au cut) over a width of 2.2 m and a total strike length of 122.8 m from the 1,022 m level.
- Exploration drilling is continuing in the second half of the year to identify new zones along strike and to the east of the 7 and 300 zones at upper levels of the mine that would have the potential to positively impact the gold production from the Eagle River underground mine.

Kiena:

- The development of the 105 m level from the exploration ramp was completed in Q2 (140 m developed) allowing the exploration drilling program to commence on the northwest portion of the Kiena Deep A zone.
- Drilling of the Kiena Deep A zone is continuing with three drill rigs. Recent drilling from the exploration ramp intersected multiple high-grade lenses consisting of shear zone hosted quartz veins, including 77.4 g/t Au over 14.4 m core length (12.8 g/t cut, 10.8 m true width in hole 6299).
- Drilling along the northern and southern extensions of the Kiena Deep A zone has now extended the A zone along strike in excess of 350 m. The A zone remains open along strike in both directions and down dip.
- The company has commenced the extension of the current exploration ramp by 450 m in order to further expand the zone. The extended ramp development is expected to be completed in Q4 2018 and drilling is continuing during development.
- One drill has been actively drilling several auxiliary targets near existing underground development including the S-50 and VC zone sectors and has returned encouraging results, including 6.7 g/t Au uncut (6.0 g/t Au cut) over 37.6 m core length and 17.9 g/t Au uncut (16.3 g/t Au cut) over 6.0 m core length from S-50 zone.
- As follow up to this successful drilling campaign, development of the VC exploration drift was completed in Q2 (122 metres developed) in order to better define and extend the mineralization of the VC zone.

Technical disclosure

The technical content of this release has been compiled, reviewed and approved by Marc-Andre Pelletier, PEng, chief

operating officer, and Michael Michaud, PGeo, vice-president, exploration, of the company and each a qualified person as defined in National Instrument 43-101 — Standards of Disclosure for Mineral Projects.

2018 second quarter financial results conference call

The company's 2018 second quarter financial results conference call will take place on Aug. 2, 2018, at 10 a.m. ET. Conference details:

A webcast of the earnings call can also be accessed under the news and events section of the company's website.