Wesdome reports results, price falls

Wesdome {TSX: WDO}

Reported production from the The Eagle River complex in the fourth quarter of 2019 totalled 21,332 ounces of gold, representing an increase of 24 per cent from the same period last year.

Full-year 2019 production of 91,688 ounces of gold as compared with 71,625 ounces of gold production of fiscal 2018 represents a 28-per-cent increase year on year and an almost a twofold increase since 2016.

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Wesdome produces 91,688 oz Au in 2019

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Mr. Duncan Middlemiss reports

WESDOME ANNOUNCES 2019 FOURTH QUARTER AND FULL YEAR PRODUCTION RESULTS; PROVIDES 2020 GUIDANCE

Wesdome Gold Mines Ltd. has released its fourth quarter and full-year 2019 production results and 2020 guidance.

The Eagle River complex in the fourth quarter of 2019 totalled 21,332 ounces of gold, representing an increase of 24 per cent from the same period last year. Full-year 2019 production of 91,688 ounces of gold as compared with 71,625 ounces of gold production of fiscal 2018 represents a 28-per-cent increase year on year and an almost a twofold increase since 2016.

Duncan Middlemiss, president and chief executive officer, commented: “The Eagle River complex continued to perform very well, with 2019 full-year gold production of 91,688 ounces, far exceeding our original guidance of 72,000 to 80,000 Au ounces and achieving the high end of our upwards revised guidance of 88,000 to 93,000 ounces. On behalf of the management team and board, we would like to thank the team at Eagle River for once again delivering an excellent year in terms of operational performance and especially safety performance. The company’s total medical injury frequency rate (TMIFR) metric has decreased by 23 per cent over 2018, representing a substantial improvement.

“In 2020, we will continue the upward trajectory of organic growth and are setting guidance at 90,000 to 100,000 ounces. Operating and all-in sustaining costs are expected to be flat

as we continue to aggressively drill and develop underground workplaces in order to fill the Eagle River mill entirely from higher-grade underground ore in the future.

“At Kiena, drilling and development will be increased substantially over our 2019 program. We plan to drill a total of 85,000 metres in exploration drilling, invest $8.2-million in exploration drifts and continued ramp development, and continue our metallurgical and environmental scoping studies in preparation for a possible mine restart. Work on the PEA is ongoing and we expect to publish results in the first half of the year.”

PRODUCTION HIGHLIGHTS
(in thousands)

	Fourth quarter		Fiscal year	
	2019	2018	2019	2018
Ore milled (tonnes)				
Eagle River	23,257	50,536	122,405	185,171
Mishi	9,108	8,478	46,405	70,633
	32,365	59,014	168,809	255,804
Head grade (grams per tonne)				
Eagle River	28.6	10.6	23.1	11.7
Mishi	1.9	2.4	2.5	2.3
Gold production (ounces)				
Eagle River	20,894	16,712	88,617	67,315
Mishi	438	542	3,072	4,310
	21,332	17,254	91,688	71,625

Production sold (ounces)	22,100	18,077	88,423	70,480
Revenue from gold sales ($ millions)	$43.2	$29.4	$163.8	$115.9
Average realized price per ounce	$1,954	$1,628	$1,853	$1,645

2020 GUIDANCE

Guidance	
Gold production	
Eagle River	87,000-96,000 ounces
Mishi	3,000-4,000 ounces
	90,000-100,000 ounces
Head grade (g/t)	
Eagle River	15.0-16.7
Mishi	2.0-2.4
	$800-$875
Operating cost per ounce	$615 (U.S.)-$670 (U.S.)
	$1,280-$1,350
All-in sustaining cost per ounce	$985 (U.S.)-$1,040 (U.S.)

2020 exploration programs

Eagle River complex:

- The 2020 exploration program at Eagle River consists of approximately 119,000 metres of underground (UG) definition and exploration drilling (72,000 m exploration and 47,000 m of definition drilling) using five underground drill rigs, and 33,500 m of surface drilling using two drills.
- Definition drilling will be focused at 300W, 300E and

downdip on the 711 and 811 zones.

- Underground exploration drilling will be completed down plunge at the 300E zone, as well as west of 7 zone along the diorite contact and up plunge from the 311 zone toward the Falcon zones. Additional underground exploration will also be completed farther to the east of the current mining areas, in the east-central area of the mine at the 200 and 825 m levels to test for parallel zones north of the historic 8 and 6 zones.
- The 33,500 m surface drilling program will initially concentrate on better defining and expanding the Falcon zones and later in the year focus on regional targets west of the mine diorite where recent surface sampling has returned a number of anomalous gold values.
- Total exploration budget (excluding the definition drilling program) at the Eagle River complex is forecast at $9.8-million.

Kiena complex:

- The 2020 exploration program at Kiena consists of 75,000 m of underground drilling and 10,000 m of surface drilling for a total budget of $10.1-million. In addition, the company plans to invest $8.2-million on exploration drifts and ramp development to better explore and access the Kiena Deep A zone. Additional development is planned on 17 m level for a ventilation exhaust raise bypass.
- The underground exploration drilling program will utilize seven drill rigs to better define the Kiena Deep A zone and convert inferred resources to indicated resources in advance of an updated resource estimate, and also test the up-plunge potential of the A zone and downdip extensions of the VC zones between the 67 and 105 m levels that will be completed from the recently developed 79 m level.

- Additional underground exploration will be completed to test the down-plunge potential of the A zone below 1,500 vertical metres where recent drilling has returned high-grade results. An additional 220 m of development along the southeast portion of the existing 105 m level will be established to test down-plunge extension of both the A and B zones.
- Elsewhere in the mine area, drilling will occur at the South zone and areas of S50 zone to expand mineral resources near existing infrastructure as these zones remain an important component of any restart plan.
- The PEA study is continuing and is expected to be completed in the first half of 2020, which will lead into a more detailed PFS study based upon positive results.
- Surface exploration will utilize lithologic and structural 3-D modelling and deposit fingerprinting to guide exploration targeting in the area of the Kiena deposit.
- A 10,000 m surface drilling program is planned to explore for zones similar to the Kiena Deep A zone.
- Total projected 2020 capital budget at Kiena is $44.8-million, which includes drilling, UG development, the completion of backfill operations initiated in 2019, and all mining and site administration activities in anticipation of a go-forward scenario. These expenditures are contingent upon staged positive results.

2020 other capital and operating expenditures:

- Eagle River sustaining capital development is budgeted to range between $14.0-million and $17.0-million.
- General and corporate administration expenses are budgeted to range between $6.5-million and $7.0-million.

The company is adequately financed to undertake the 2020 work plan, with cash and cash equivalents of $35.7-million and an available credit facility of $41.5-million at the beginning of the year, making Wesdome well positioned to execute on its path to becoming Canada’s next mid-tier gold company.

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 both a qualified person as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

About Wesdome Gold Mines Ltd.

Wesdome has had over 30 years of continuous gold mining operations in Canada. The company is 100 per cent 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 over 200,000 ounces from two mines in Ontario and Quebec. The producing Eagle River complex in Wawa, Ont., is currently producing gold from the Eagle River underground mine and the Mishi open pit.

We seek Safe Harbour.