



Wesdome Announces 2018 Third Quarter Financial Results

TORONTO, Nov. 08, 2018 -- Wesdome Gold Mines Ltd. (TSX: WDO) (“Wesdome” or the “Company”) today announces third quarter (“Q3 2018”) financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO, commented, “Production in Q3 2018 was positively impacted as the result of mining the first 303 stope in September, where the muck sample head grades averaged 38.5 grams per tonne, gold (“g/t”). As a result, production of 19,437 ounces at a head grade of 13.3 g/t was above reserve grade of 12.2 g/t at the Eagle River Underground Mine. Accordingly, cash and all-in sustaining costs for the quarter were \$815 per ounce (US\$624) and \$1,160 (US\$888) per ounce, respectively, 20% lower than Q3 2017. With the year to date cash costs of \$894 (US\$695) and all-in sustaining costs of \$1,243 (US\$965), on a per ounce basis, we expect to end the year with these cost metrics to be below the lowest end of our guidance of \$925 (US\$720) per ounce on cash costs and \$1,350 (US\$1,050) per ounce on all-in sustaining costs.”

“We attained the fourth consecutive quarter of free cash flow generation of \$2.1 million (\$0.02 per share) for the quarter. Eagle River Complex operations continue to fund all exploration, development, administrative expenses, and a \$23 million exploration and development program at the Kiena Complex in Val d’Or Quebec.”

“Looking ahead to the remainder of 2018, at Eagle River, we are very well positioned to achieve our increased guidance range of 70,000 – 75,000 ounces (54,371 year to date, Q3 2018), and beat the low end of our cost metrics guidance.”

“At Kiena, we have completed all additional drift development for exploration platforms, and added one more drill for a total of 4 drills underground. One drill is testing the potential up-plunge extension, and one drill will begin shortly testing the flattening of the A Zone at depth. Initial resource calculation on the Kiena Deep A Zone will be released in December as planned. We view this resource statement as a snapshot in time as further step out drilling subsequent to the data collection for the resource estimation has provide evidence of the expansion of the resource. Additionally, the capping factor will be reassessed as the current 34.28 g/t Au is likely inappropriate for the mineralization discovered to date within the A Zone.”

Key operating and financial highlights in Q3 2018 include:

1. Gold production of 19,795 ounces (“ozs”) from the Eagle River Complex, a 28% increase over the same period in the previous year (Q3 2017: 15,493 ozs):
 - Eagle River Underground – 46,777 tonnes at a head grade of 13.3 g/t for 19,437 ozs produced, a 46% increase over the previous year (Q3 2017: 13,313 ozs).
 - Mishi Open Pit – 4,076 tonnes at a head grade of 3.4 g/t for 358 ozs produced (Q3 2017: 2,181 ozs).
2. Revenue of \$28.9 million, a 37% increase over the previous year (Q3 2017: \$21.2 million).
3. Ounces sold 18,401 at an average sales price of \$1,571/oz (Q3 2017: 13,069 ounces at an average price of \$1,619/oz).
4. Cash costs¹ of \$815/oz or US\$624/oz, a 20% decrease over the same period in 2017 (Q3 2017: \$1,013/oz or US\$809/oz).
5. AISC¹ of \$1,160/oz or US\$888/oz, a 20% decrease over the same period (Q3 2017: \$1,446/oz or US\$1,154/oz).
6. Earned mine profit¹ of \$13.9 million, a 1.8 times increase over Q3 2017 (Q3 2017 - \$7.9 million).
7. Operating cash flow of \$12.8 million or \$0.10 per share¹, a 3.6 times increase over the previous year (Q3 2017: \$3.5 million or \$0.03 per share).
8. Free cash flow of \$2.1 million or \$0.02 per share¹ (Q3 2017: outflow of \$6.5 million or (\$0.05) per share).
9. Net income of \$3.6 million or \$0.03 per share (Q3 2017: \$0.3 million or nil, on a per share basis). Net income (adjusted)¹ for Q3 2018 was also \$3.6 million or \$0.03 per share (Q3 2017: \$1.9 million or \$0.01 per share).
10. Cash position of \$30.7 million at September 30, 2018.
11. Refer to the Company’s Third Quarter 2018 Management Discussion and Analysis, section entitled “Non-IFRS Performance Measures” for the reconciliation of these non-IFRS measurements to the financial statements.

¹ Refer to the Company’s Third Quarter 2018 Management Discussion and Analysis, section entitled “Non-IFRS Performance Measures” for the reconciliation of these non-IFRS measurements to the financial statements.

Exploration Highlights for Q3 2018

Eagle River

- **Initial mining of the 300E Zone between the 864 and 844 metre level (“m-level”) has continued to confirm the continuity of the strong grades and the geometry of the mineralized zone defined by drifts and the encompassing drill holes. The 303E Zone accounts for approximately 19% of the current mineral reserves and will continue to be the focus of mining development in Q4 2018 and into 2019.**
- **Mine development is being completed to provide drilling platforms on the 750 and 925 m-levels to further**

define and explore extensions of the 300E and 7 zones as well as test the potential intersection of the No Name Lake zone with the mine diorite.

- A 10,000 metre (“m”) surface drilling program has commenced with 2 drills 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. In addition, a fourth underground drill has been added to test this area at depth.

Kiena

- Drilling of the Kiena Deep - A Zone is ongoing with 4 drill rigs. Recent drilling from the exploration ramp has continued to intersect often multiple high grade lenses comprised of shear zone hosted quartz veins, including 177.3 g/t over 5.1 m core length (6.5 g/t cut, 5.1 m true width) in hole 6321 and 163.8 g/t over 3.0 m core length (13.1 g/t over 2.6 m true width) in hole 6338.
- Recent drilling continued to extend the zone of mineralization down plunge to the southeast. Following the continued success of the ongoing diamond drill program, the Company extended the current exploration drifts by a total of 450 m.
- Recent drilling of the A Zone has identified a well-defined, moderate plunge of approximately 45 degrees to the SE to the gold mineralization that occurs predominantly along the basalt – chlorite-carbonate schist boundary. It is now understood that the A Zone occurs along a connecting structure between the regional structures hosting the S50 and VC zones, respectively. Recent drilling has now extended the A zone to 600 m down plunge, and based on limited historic drilling, is interpreted to extend an additional 600 m up plunge to intersect the VC zone. This could significantly expand the potential resource base of the A Zone and will be the focus of drilling this year and into 2019.
- An updated mineral resource estimate is on schedule to be completed in Q4 2018.

Technical Disclosure

The technical content of this release has been compiled, reviewed and approved by Marc-André 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.

2018 Third Quarter Financial Results Conference Call:

The Company’s 2018 Third Quarter Financial Results conference call will take place on November 9, 2018 at 10:00 am. ET. Conference details are found below.

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

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

Conference ID: 8497324

Webcast link: <https://edge.media-server.com/m6/p/35univou>

A webcast of the earnings call can also be accessed under the News and Events section of the Company’s website (www.wesdome.com)

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
September 30,

Nine Months Ended
September 30,

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating data				
Milling (tonnes)				
Eagle River	46,777	44,421	134,635	117,959
Mishi	4,076	38,638	62,155	114,396
Throughput ²	50,854	83,058	196,790	232,355
Head grades (g/t)				
Eagle River	13.3	9.7	12.2	10.3
Mishi	3.4	2.0	2.3	1.8
Recovery (%)				
Eagle River	96.9	96.1	96.2	95.9
Mishi	80.9	87.2	82.5	84.9
Production (ounces)				
Eagle River	19,437	13,313	50,602	37,498
Mishi	358	2,181	3,769	5,687
Total gold produced ²	19,795	15,493	54,371	43,185
Total gold sales (ounces)	18,401	13,069	52,404	38,419

Eagle River Complex (per ounce of gold sold) ¹

Average realized price	\$ 1,571	\$ 1,619	\$ 1,651	\$ 1,656
Cash costs	815	1,013	894	1,137
Cash margin	\$ 756	\$ 606	\$ 757	\$ 519
All-in Sustaining Costs ¹	\$ 1,160	\$ 1,446	\$ 1,243	\$ 1,594
Mine operating costs/tonne milled ¹	\$ 283	\$ 182	\$ 233	\$ 203

Average 1 USD → CAD exchange rate 1.307 1.2528 1.2878 1.3091

Cash costs per ounce of gold sold (US\$) ¹	\$ 624	\$ 809	\$ 695	\$ 869
All-in Sustaining Costs (US\$) ¹	\$ 888	\$ 1,154	\$ 965	\$ 1,218

Financial Data

Mine profit ¹	\$ 13,898	\$ 7,921	\$ 39,629	\$ 19,931
Net income	\$ 3,631	\$ 296	\$ 12,215	\$ 1,854
Net income adjusted ¹	\$ 3,631	\$ 1,883	\$ 12,215	\$ 3,441
Operating cash flow	\$ 12,823	\$ 3,541	\$ 37,668	\$ 13,757
Free cash flow	\$ 2,137	\$ (6,517)	\$ 7,315	\$ (17,078)
Per share data				
Net income	\$ 0.03	\$ 0.00	\$ 0.09	\$ 0.01
Adjusted net earnings ¹	\$ 0.03	\$ 0.01	\$ 0.09	\$ 0.03
Operating cash flow	\$ 0.10	\$ 0.03	\$ 0.28	\$ 0.10
Free cash flow ¹	\$ 0.02	\$ (0.05)	\$ 0.05	\$ (0.13)

Notes

1. Refer to the Company's Third Quarter 2018 Management Discussion and Analysis, section entitled "Non-IFRS Performance Measures" for the reconciliation of these non-IFRS measurements to the financial statements.
2. Totals for tonnage and gold ounces information may not add due to rounding.

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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Assets		
Current		

Cash and cash equivalents	\$ 30,714	\$ 22,092
Receivables and prepaids	1,472	3,821
Tax receivable	1,944	1,932
Inventories	7,498	5,314
Total current assets	<u>41,628</u>	<u>33,159</u>
Deferred income tax assets	308	5,450
Mining properties, plant and equipment	85,727	81,375
Exploration properties	75,725	59,929
Total assets	<u>\$ 203,388</u>	<u>\$ 179,913</u>
Liabilities		
Current		
Payables and accruals	\$ 18,533	\$ 17,003
Deferred revenue	2,329	-
Mining and income taxes payable	1,849	671
Current portion of obligations under finance leases	3,935	2,541
Total current liabilities	<u>26,646</u>	<u>20,215</u>
Obligations under finance leases	4,534	3,983
Deferred mining tax liability	7,001	6,300
Decommissioning provisions	11,505	11,192
Total liabilities	<u>49,686</u>	<u>41,690</u>
Equity		
Equity attributable to owners of the Company		
Capital stock	165,660	164,161
Contributed surplus	5,673	3,967
Deficit	(17,631)	(29,905)
Total equity attributable to owners of the Company	<u>153,702</u>	<u>138,223</u>
Total liabilities and equity	<u>\$ 203,388</u>	<u>\$ 179,913</u>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revenues	\$ 28,920	\$ 21,165	\$ 86,580	\$ 64,513
Cost of sales	<u>20,599</u>	<u>15,594</u>	<u>59,768</u>	<u>50,448</u>
Gross profit	<u>8,321</u>	<u>5,571</u>	<u>26,812</u>	<u>14,065</u>
Other expenses				
Corporate and general	1,429	909	3,922	3,695
Share-based payments	434	572	2,265	2,258
Kiena care and maintenance	353	200	1,130	767
Restructuring costs	-	2,159	-	2,159
Write-off of mining equipment	-	-	290	-
	<u>2,216</u>	<u>3,840</u>	<u>7,607</u>	<u>8,879</u>
Operating income	<u>6,105</u>	<u>1,731</u>	<u>19,205</u>	<u>5,186</u>
Interest on long-term debt	(68)	(58)	(191)	(402)
Accretion of decommissioning provisions	(105)	54	(313)	(196)
Interest and other	79	(30)	1,228	(63)
Income before income tax	<u>6,011</u>	<u>1,697</u>	<u>19,929</u>	<u>4,525</u>
Mining and income tax expense				
Current	663	100	1,871	151

Deferred	<u>1,717</u>	<u>1,301</u>	<u>5,843</u>	<u>2,520</u>
	<u>2,380</u>	<u>1,401</u>	<u>7,714</u>	<u>2,671</u>
Net income and total comprehensive income	\$ 3,631	\$ 296	\$ 12,215	\$ 1,854
Net earnings per share				
Basic	<u>\$ 0.03</u>	<u>\$ 0.00</u>	<u>\$ 0.09</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.00</u>	<u>\$ 0.09</u>	<u>\$ 0.01</u>
Weighted average number of common shares (000s)				
Basic	134,754	133,888	134,390	132,527
Diluted	137,836	135,481	135,827	134,830

Wesdome Gold Mines Ltd.
Interim Condensed Consolidated Statements of Total Equity (Unaudited)
For the nine months ended September 30, 2018
(Unaudited, expressed in thousands of Canadian dollars)

	Capital Stock	Contributed Surplus	Equity Component of Convertible Debentures	Deficit	Total Equity
Balance, December 31, 2016	\$ 156,402	\$ 2,173	\$ 932	\$ (32,106)	\$ 127,401
Net income for the nine month period ended September 30, 2017	-	-	-	1,854	1,854
Conversion of convertible debentures	4,912	-	(932)	932	4,912
Exercise of options	1,915	-	-	-	1,915
Value attributed to options exercised	932	(932)	-	-	-
Value attributed to options expired	-	(40)	-	40	-
Share-based payments	-	2,258	-	-	2,258
Balance, September 30, 2017	<u>\$ 164,161</u>	<u>\$ 3,459</u>	<u>\$ -</u>	<u>\$ (29,280)</u>	<u>\$ 138,340</u>
Balance, December 31, 2017	\$ 164,161	\$ 3,967	\$ -	\$ (29,905)	\$ 138,223
Net income for the nine month period ended September 30, 2018	-	-	-	12,215	12,215
Exercise of options	999	-	-	-	999
Value attributed to options exercised	500	(500)	-	-	-
Value attributed to options expired	-	(59)	-	59	-
Share-based payments	-	2,265	-	-	2,265
Balance, September 30, 2018	<u>\$ 165,660</u>	<u>\$ 5,673</u>	<u>\$ -</u>	<u>\$ (17,631)</u>	<u>\$ 153,702</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating activities				
Net income	\$ 3,631	\$ 296	\$ 12,215	\$ 1,854
Depletion and depreciation	5,577	2,350	12,817	6,766

Share-based payments	434	572	2,265	2,258
Decommissioning provisions	105	(54)	313	196
Deferred mining and income tax expense	1,717	1,301	5,843	2,520
Interest on long-term debt	68	58	191	409
Accretion of discount on convertible debentures	-	-	-	103
Write-off of mining properties and fixed assets	-	-	290	-
Loss on disposal of equipment	-	-	-	159
	11,532	4,523	33,934	14,265
Net changes in non-cash working capital	1,291	(931)	4,427	(1,357)
Mining tax received (paid)	-	(51)	(693)	849
Net cash from operating activities	12,823	3,541	37,668	13,757
Financing activities				
Repayment of convertible debentures	-	-	-	(2,091)
Exercise of options	690	55	999	1,915
Repayment of obligations under finance leases	(931)	(820)	(2,546)	(2,251)
Interest paid	(68)	-	(191)	(237)
Net cash used in financing activities	(309)	(765)	(1,738)	(2,664)
Investing activities				
Additions to mining properties	(4,022)	(3,894)	(12,011)	(11,779)
Additions to exploration properties	(5,733)	(5,317)	(15,796)	(16,958)
Funds released from restricted cash	-	-	-	6,920
Proceeds on sale of equipment	-	-	-	90
Net changes in non-cash working capital	1,236	368	499	488
Net cash used in investing activities	(8,519)	(8,843)	(27,308)	(21,239)
Increase (decrease) in cash and cash equivalents	3,995	(6,067)	8,622	(10,146)
Cash and cash equivalents, beginning of period	26,719	22,681	22,092	26,760
Cash and cash equivalents, end of period	\$ 30,714	\$ 16,614	\$ 30,714	\$ 16,614
Cash and cash equivalents consist of:				
Cash	\$ 21,633	\$ 3,095	\$ 21,633	\$ 3,095
Term deposits	9,081	13,519	9,081	13,519
	\$ 30,714	\$ 16,614	\$ 30,714	\$ 16,614

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 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, Québec. 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 134.9 million shares issued and outstanding and trades on the Toronto Stock Exchange under the symbol "WDO".

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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, average realized price of gold sold; cash costs per ounce of gold sold; production costs per tonne milled; mine profit (loss); all-in sustaining costs per ounce of gold sold; free cash flow and operating and free cash flow per share; and net income (adjusted) and adjusted net earnings per share. 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 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.

PDF available: <http://resource.globenewswire.com/Resource/Download/49232f76-6eae-4961-94a5-e8e7a32e4314>