



Wesdome Announces 2018 Second Quarter Financial Results and Raises Production Guidance

TORONTO, Aug. 01, 2018 -- Wesdome Gold Mines Ltd. (TSX: WDO) (“Wesdome” or the “Company”) today announces second quarter (“Q2 2018”) financial results. All figures are stated in Canadian dollars unless otherwise noted.

Mr. Duncan Middlemiss, President and CEO, commented, “The Eagle River Complex continues to outperform. 2018 production guidance was originally forecast to range between 62,000 – 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%. As a result, we are raising 2018 production guidance to 70,000 – 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 (“AISC”) for Q2 of \$886 per ounce and \$1,242 per ounce were 7% and 11% below the low end of our cost guidance, respectively. Accordingly, we are lowering operating cost guidance to \$925 - \$1,000 per ounce (US\$720 - \$770) and All-in Sustaining Costs to \$1,350 - \$1,425 per ounce (US\$1,050 – 1,100). 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 \$26.7M, 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:

1. Gold production of 16,628 ounces from the Eagle River Complex, a 33% 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 (“g/t Au”) for 14,767 ounces produced, a 39% 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).
 2. Revenue of \$31.4 million, a 35% increase over the previous year (Q2 2017: \$23.2 million).
 3. Ounces sold 18,573 at an average sales price of \$1,692/oz (Q2 2017: 13,030 ounces at an average price of \$1,715/oz).
 4. Cash costs¹ of \$886/oz or US\$686/oz, a 30% decrease over the same period in 2017 (Q2 2017: \$1,264/oz or US\$940/oz).
 5. AISC¹ of \$1,242/oz or US\$962/oz, a 28% decrease over the same period
 6. Earned mine profit¹ of \$15.0 million, a 2.5 times increase over Q2 2017 (Q2 2017 - \$5.9 million).
 7. Operating cash flow of \$12.4 million or \$0.09 per share¹, a 2.1 times increase over the previous year (Q2 2017: \$5.9 million or \$0.04 per share).
 8. Free cash flow of \$2.0 million or \$0.01 per share¹ (Q2 2017: outflow of \$4.6 million or (\$0.03) per share).
 9. Net income of \$5.7 million or \$0.04 per share (Q2 2017: \$0.9 million or \$0.01 per share). Net income (adjusted)¹ for Q2 2018 was also \$5.7 million or \$0.04 per share.
 10. Cash position of \$26.7 million.
1. 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
<ul style="list-style-type: none"> • Mine development on the 864 metre level (“m-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 g/t 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% 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 1022 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 north-west portion of the Kiena Deep A Zone.**
- Drilling of the Kiena Deep A Zone is ongoing with three drill rigs. Recent drilling from the exploration ramp intersected multiple high grade lenses comprised 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, *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 Second Quarter Financial Results Conference Call:

The Company’s 2018 Second Quarter Financial Results conference call will take place on August 2, 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: 2380168

Webcast link: <https://edge.media-server.com/m6/p/9pgj77gj>

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)

Operating data	Three Months Ended		Six Months Ended	
	June 30,		Jun 30,	
	2018	2017	2018	2017

Milling (tonnes)				
Eagle River	43,378	34,960	87,858	73,538
Mishi	25,233	39,117	58,079	75,758
Throughput ²	68,610	74,077	145,937	149,296
Head grades (g/t)				
Eagle River	11.0	9.8	11.5	10.7
Mishi	2.7	1.8	2.2	1.8
Recovery (%)				
Eagle River	96.2	96.3	95.8	95.7
Mishi	83.6	83.1	82.7	82.1
Production (ounces)				
Eagle River	14,767	10,597	31,166	24,185
Mishi	1,860	1,932	3,411	3,506
Total gold produced ²	16,628	12,529	34,576	27,691
Total gold sales (ounces)	18,573	13,030	34,003	25,350
Eagle River Complex (per ounce of gold sold) ¹				
Average realized price	\$ 1,692	\$ 1,715	\$ 1,694	\$ 1,674
Cash costs	886	1,264	937	1,201
Cash margin	\$ 806	\$ 451	\$ 757	\$ 473
All-in Sustaining Costs ¹	\$ 1,242	\$ 1,718	\$ 1,288	\$ 1,667
Mine operating costs/tonne milled ¹	\$ 225	\$ 215	\$ 216	\$ 214
Average 1 USD → CAD exchange rate				
	1.2911	1.3449	1.2781	1.3351
Cash costs per ounce of gold sold (US\$) ¹				
	\$ 686	\$ 940	\$ 733	\$ 899
All-in Sustaining Costs (US\$) ¹				
	\$ 962	\$ 1,277	\$ 1,007	\$ 1,249
Financial Data				
Mine profit ¹	\$ 14,957	\$ 5,883	\$ 25,731	\$ 12,010
Net income	\$ 5,725	\$ 863	\$ 8,584	\$ 1,558
Net income adjusted ¹	\$ 5,725	\$ 863	\$ 8,584	\$ 1,558
Operating cash flow	\$ 12,422	\$ 5,898	\$ 24,845	\$ 10,216
Free cash flow	\$ 1,962	\$ (4,619)	\$ 5,178	\$ (10,561)
Per share data				
Net income	\$ 0.04	\$ 0.01	\$ 0.06	\$ 0.01
Adjusted net earnings ¹	\$ 0.04	\$ 0.01	\$ 0.06	\$ 0.01
Operating cash flow	\$ 0.09	\$ 0.04	\$ 0.19	\$ 0.08
Free cash flow ¹	\$ 0.01	\$ (0.03)	\$ 0.04	\$ (0.08)

Notes

1. Refer to the Company's Interim Management Discussion and Analysis for the three months 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.
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>June</u> <u>30, 2018</u>	<u>December</u> <u>31, 2017</u>
Assets		
Current		
Cash and cash equivalents	\$ 26,719	\$ 22,092
Receivables and prepaids	444	3,821
Tax receivable	2,000	1,932
Inventories	6,374	5,314
Total current assets	35,537	33,159

Deferred income tax assets	1,855	5,450
Mining properties, plant and equipment	85,635	81,375
Exploration properties	69,992	59,929
Total assets	<u>\$ 193,019</u>	<u>\$ 179,913</u>
Liabilities		
Current		
Payables and accruals	\$ 16,238	\$ 17,003
Mining and income taxes payable	1,185	671
Current portion of obligations under finance leases	<u>3,593</u>	<u>2,541</u>
Total current liabilities	21,016	20,215
Obligations under finance leases	4,826	3,983
Deferred mining tax liability	6,830	6,300
Decommissioning provisions	<u>11,400</u>	<u>11,192</u>
Total liabilities	44,072	41,690
Equity		
Equity attributable to owners of the Company		
Capital stock	164,649	164,161
Contributed surplus	5,586	3,967
Deficit	<u>(21,288)</u>	<u>(29,905)</u>
Total equity attributable to owners of the Company	148,947	138,223
Total liabilities and equity	<u>\$ 193,019</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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues	\$ 31,443	\$ 23,248	\$ 57,660	\$ 43,348
Cost of sales	<u>20,405</u>	<u>18,736</u>	<u>39,169</u>	<u>34,854</u>
Gross profit	<u>11,038</u>	<u>4,512</u>	<u>18,491</u>	<u>8,494</u>
Other expenses				
Corporate and general	1,416	1,355	2,493	2,786
Share-based payments	964	822	1,831	1,686
Kiena care and maintenance	321	346	777	567
Loss on disposal of equipment	-	159	-	159
Write-off of mining equipment	9	-	290	-
	<u>2,710</u>	<u>2,682</u>	<u>5,391</u>	<u>5,198</u>
Operating income	8,328	1,830	13,100	3,296
Interest on long-term debt	(72)	(84)	(123)	(344)
Accretion of decommissioning provisions	(104)	(78)	(208)	(250)
Interest and other	<u>1,105</u>	<u>25</u>	<u>1,149</u>	<u>126</u>
Income before income tax	9,257	1,693	13,918	2,828
Mining and income tax expense				
Current	727	51	1,208	51
Deferred	<u>2,805</u>	<u>779</u>	<u>4,126</u>	<u>1,219</u>
	<u>3,532</u>	<u>830</u>	<u>5,334</u>	<u>1,270</u>
Net income and total comprehensive income	\$ <u>5,725</u>	\$ <u>863</u>	\$ <u>8,584</u>	\$ <u>1,558</u>
Net earnings per share				

Basic	\$	<u>0.04</u>	\$	<u>0.01</u>	\$	<u>0.06</u>	\$	<u>0.01</u>
Diluted	\$	<u>0.04</u>	\$	<u>0.01</u>	\$	<u>0.06</u>	\$	<u>0.01</u>

Weighted average number of common shares (000s)

Basic	134,276	133,000	134,204	131,844
Diluted	135,646	135,565	135,340	134,260

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

	<u>Capital Stock</u>	<u>Contributed Surplus</u>	<u>Equity Component of Convertible Debentures</u>	<u>Deficit</u>	<u>Total Equity</u>
Balance, December 31, 2016	\$ 156,402	\$ 2,173	\$ 932	\$ (32,106)	\$ 127,401
Net income for the period ended June 30, 2017	-	-	-	1,558	1,558
Conversion of convertible debentures	4,912	-	(932)	932	4,912
Exercise of options	1,860	-	-	-	1,860
Value attributed to options exercised	908	(908)	-	-	-
Value attributed to options expired	-	(18)	-	18	-
Share-based payments	-	1,686	-	-	1,686
Balance, June 30, 2017	<u>\$ 164,082</u>	<u>\$ 2,933</u>	<u>\$ -</u>	<u>\$ (29,598)</u>	<u>\$ 137,417</u>
Balance, December 31, 2017	\$ 164,161	\$ 3,967	\$ -	\$ (29,905)	\$ 138,223
Net income for the period ended June 30, 2018	-	-	-	8,584	8,584
Exercise of options	309	-	-	-	309
Value attributed to options exercised	179	(179)	-	-	-
Value attributed to options expired	-	(33)	-	33	-
Share-based payments	-	1,831	-	-	1,831
Balance, June 30, 2018	<u>\$ 164,649</u>	<u>\$ 5,586</u>	<u>\$ -</u>	<u>\$ (21,288)</u>	<u>\$ 148,947</u>

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating activities				
Net income	\$ 5,725	\$ 863	\$ 8,584	\$ 1,558
Depletion and depreciation	3,919	2,271	7,240	4,416
Share-based payments	964	822	1,831	1,686
Decommissioning provisions	104	78	208	250
Deferred mining and income tax expense	2,805	779	4,126	1,219
Interest on long-term debt	72	265	123	351
Accretion of discount on convertible debentures	-	13	-	103
Write-off of mining equipment	9	-	290	-
Loss on disposal of equipment	-	159	-	159
	<u>13,598</u>	<u>5,250</u>	<u>22,402</u>	<u>9,742</u>
Net changes in non-cash working capital	(483)	699	3,136	(375)
Mining tax received (paid)	(693)	(51)	(693)	849
Net cash from operating activities	<u>12,422</u>	<u>5,898</u>	<u>24,845</u>	<u>10,216</u>

Financing activities

Repayment of convertible debentures	-	(2,091)	-	(2,091)
Exercise of options	89	190	309	1,860
Finance lease payments	(956)	(672)	(1,615)	(1,317)
Interest paid	(72)	(265)	(123)	(351)
Net cash used in financing activities	(939)	(2,838)	(1,429)	(1,899)

Investing activities

Additions to mining properties	(4,433)	(4,082)	(7,989)	(7,885)
Additions to exploration properties	(5,071)	(5,853)	(10,063)	(11,641)
Funds released from restricted cash	-	-	-	6,920
Proceeds on sale of equipment	-	90	-	90
Net changes in non-cash working capital	(1,720)	(127)	(737)	120
Net cash used in investing activities	(11,224)	(9,972)	(18,789)	(12,396)
Increase (decrease) in cash and cash equivalents	259	(6,912)	4,627	(4,079)
Cash and cash equivalents, beginning of period	26,460	29,593	22,092	26,760
Cash and cash equivalents, end of period	\$ 26,719	\$ 22,681	\$ 26,719	\$ 22,681
Cash and cash equivalents consist of:				
Cash	\$ 17,677	\$ 7,741	\$ 17,677	\$ 7,741
Term deposits	9,042	14,940	9,042	14,940
	\$ 26,719	\$ 22,681	\$ 26,719	\$ 22,681

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, 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 134.2 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.