



**PRESS  
RELEASE**

**JULY 31, 2014  
WDO:TSX**

**WESDOME REPORTS EARNINGS OF  
\$0.07 PER SHARE IN FIRST HALF 2014  
VERSUS BREAK-EVEN 2013**

**Toronto, Ontario – July 31, 2014** – Wesdome Gold Mines Ltd. (TSX: WDO) (“Wesdome” or the “Company”) is pleased to report its unaudited financial and operating results for the second quarter and first half ended June 30, 2014. This information should be read in conjunction with Wesdome’s interim unaudited financial statements and Management’s Discussion and Analysis for the second quarter ended June 30, 2014 available at [www.wesdome.com](http://www.wesdome.com) and on SEDAR ([www.sedar.com](http://www.sedar.com)). All figures are in Canadian dollars unless otherwise specified.

**HIGHLIGHTS – *Continued Profitability***

- **2014 production guidance revised upwards to 52,000 ounces from 50,000 ounces**
- **H1 2014 production 27,320 oz versus 20,655 oz H1 2013 at Eagle River**
- **H1 2014 net earnings \$7.1 million - \$0.07 per share versus \$0.00 for H1 2013**
- **H1 2014 \$US838 cash cost/oz (\$US1,174 all-in sustaining cost/oz) versus \$US1,049 H1 2013 – a 20% decline**
- **Q2 2014 production 13,590 oz versus 9,129 oz Q2 2013 at Eagle River**
- **Q2 2014 net earnings of \$2.9 million - \$0.03 per share versus \$0.00 Q2 2013**
- **Q2 2014 \$US788 cash cost/oz versus (\$US1,139 all-in sustaining cost/oz) versus \$US1,190 Q2 2013 – a 34% decline**

Rolly Uloth, President, comments “High mine grades are enabling us to invest in mill infrastructure and development. This will expand mine life and increase production and efficiency. Our top notch operating team has created a significant turnaround in corporate profitability compared to last year, which is very satisfying.”

**OVERALL PERFORMANCE HIGHLIGHTS – *Strong Cash Flow Continues***

At June 30, 2014, the Company had \$13.6 million in working capital, compared to \$8.5 million as at December 31, 2013. During the first half of 2014, revenue exceeded operating costs by \$16.1 million and \$7.8 million in capital investments were made. Cash flow from operations totalled \$13.5 million and net income of \$7.1 million was recorded.

In the second quarter, 13,590 ounces of gold were produced and 11,179 ounces were sold. Overall, the Eagle River Complex produced 49% more gold in the current quarter than the same period in 2013. Total cash costs per ounce decreased 30% to average \$859 (\$788USD) per ounce for the period, compared to \$1,218 (\$1,190USD) during the same period last year. As at June 30, 2014, the Company had 7,190 ounces of gold inventory, compared to 7,034 ounces as at December 31, 2013.

With our goals of expanding mine life while optimizing future production rates and costs, we are investing aggressively in diamond drilling, underground development, and mill refurbishment and upgrades. In addition, a new tailings management area is being designed, permitted and

constructed to improve our costs, gold processing and environmental performances over the next two decades under current production rates.

During the second quarter, 2014, milling operations were suspended in May to control spring run-off. This resulted in only limited production from Mishi during the quarter, all sourced from the Mishi ore stockpile. Also, during the second quarter, the Canadian dollar gold price declined by about \$50 per ounce compared to the first quarter, 2014, resulting in a \$0.6 million reduction in bullion revenue.

## RESULTS OF OPERATIONS – High Grades Continue, Unit Costs Decline

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
<i>Eagle River Mine</i>				
Tonnes mined and milled	<b>31,713</b>	23,068	<b>62,199</b>	51,029
Recovered grade (g/t)	<b>13.1</b>	11.0	<b>13.1</b>	11.3
Production (oz)	<b>13,386</b>	8,194	<b>26,134</b>	18,516
<i>Mishi Mine</i>				
Tonnes milled	<b>3,014</b>	8,338	<b>15,041</b>	19,748
Recovered grade (g/t)	<b>2.1</b>	3.5	<b>2.5</b>	3.4
Production (oz)	<b>204</b>	935	<b>1,186</b>	2,139
Surface stockpile (tonnes)	<b>66,402</b>	84,232	<b>66,402</b>	84,232
<i>Total Eagle River Complex</i>				
Tonnes milled	<b>34,727</b>	31,406	<b>77,240</b>	70,777
Production (oz)	<b>13,590</b>	9,129	<b>27,320</b>	20,655
Sales (oz)	<b>11,179</b>	14,400	<b>27,164</b>	24,400
Gold price realized (\$CAD/oz)	<b>1,398</b>	1,447	<b>1,427</b>	1,546
Bullion revenue (\$000) †	<b>16,044</b>	20,863	<b>39,177</b>	37,332
Mining and processing costs (cost of sales) (\$000)	<b>(9,681)</b>	(18,079)	<b>(23,092)</b>	(27,525)
Mine operating profit (\$000)	<b>6,363</b>	2,784	<b>16,085</b>	9,807

† Bullion revenue includes by-product silver sales and carbon smelter returns.

## Eagle River Cash Cost Analysis (Production Basis)

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Sales (oz)	<b>11,179</b>	14,400	<b>27,164</b>	24,400
Production (oz)	<b>13,590</b>	9,129	<b>27,320</b>	20,655
Cost of sales (\$000)	<b>9,681</b>	18,079	<b>23,092</b>	27,525
Inventory-related adjustments (\$000) ††	<b>1,992</b>	(6,958)	<b>2,005</b>	(5,497)
Cash cost (\$000)	<b>11,673</b>	11,121	<b>25,097</b>	22,028
Cash cost (\$/oz CAD)	<b>859</b>	1,218	<b>919</b>	1,066
(\$/oz USD) †††	<b>788</b>	1,190	<b>838</b>	1,049

†† Inventory-related adjustments are adjustments made to cash costs in order for them to reflect the actual cash cost of production during the period.

††† US\$ figures have been translated at the average exchange rate as quoted by the Bank of Canada over the given period.

## Eagle River All-In Sustaining Costs

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Cash cost (\$/oz)	859	1,218	919	1,066
Royalties (\$/oz)	21	24	23	26
Corporate G&A (\$/oz)	46	75	48	65
Exploration, development and sustaining capital (\$/oz)	316	189	297	252
All-in sustaining cost (\$/oz CAD)	1,242	1,506	1,287	1,409
(\$/oz USD) <sup>†††</sup>	1,139	1,472	1,174	1,387

<sup>†††</sup> US\$ figures have been translated at the average exchange rate as quoted by the Bank of Canada over the given period.

In the second quarter of 2014, bullion revenue exceeded costs of gold sales resulting in a mine operating profit of \$6.4 million, compared to \$2.8 million during the same period in 2013 at the Eagle River Complex. In addition to these direct operating costs, additional cash costs, including royalty payments, corporate and general costs, and interest payments amounted to \$1.5 million, which includes \$0.4 million of ongoing care and maintenance costs at the Kiena Mine Complex. Additionally, capital investments during the quarter totaled \$4.1 million.

The Eagle River Mine provided the bulk of millfeed producing 13,329 ounces of gold from 31,713 tonnes milled at an average recovered grade of 13.1 gAu/tonne. Mishi provided limited millfeed because the mill was down for one month to manage spring run-off.

This provided an opportunity to accelerate the mill refurbishment and expansion project. Significant upgrades include the installation of new drum filters and high density pumps. We expect significant increases in throughput and reliability in the second half of 2014.

Our goal is to progressively increase capacity and reliability of the mill and related infrastructure with low cost Mishi ore providing incremental increases in production. The key element over the medium term is construction of a new tailings management area. The permitting process is progressing, however, it is very difficult to predict precise timelines due to the complexity of regulatory oversight and process.

On June 27, 2014, we released results of shallow definition and stepout drilling at Mishi. Mineralization of potential economic merit has now been traced over a length of 1.75 kilometres and remains open in both directions. We have initiated scoping studies to assess the longer term potential of expanding resources, infrastructure and operations.

Overall, the second quarter, 2014, was satisfactory and generated free cash flow (cash flow from operations less capital investments) of \$1.1 million despite milling operations being suspended for one month. Year to date mining operations have generated \$5.7 million in free cash flow.

### LIQUIDITY AND CAPITAL RESOURCES – *Capacity to Self-Fund Growth*

At June 30, 2014, the Company had working capital of \$13.6 million compared to \$8.5 million at December 31, 2013. During the first half of 2014, capital expenditures totalled \$7.8 million compared to \$5.6 million in 2013. Capital expenditures were concentrated in underground development, mine and mill infrastructure. An additional \$1.6 million of equipment leasing contracts were signed.

The Company carries an inventory of gold. At June 30, 2014, this liquid asset consisted of 7,190 ounces of gold with a market value of approximately \$10.1 million. The gold inventory is carried at the lower of cost or market, in this case at a cost of \$8.4 million. Furthermore, the Mishi ore stockpile at the mill is estimated to contain about 5,400 ounces of recoverable gold, or

approximately \$4.3 million, net of milling costs. Including these non-IFRS working capital adjustments, working capital would increase to approximately \$19.6 million.

<i>Calculation of adjusted working capital</i>	<i>(in millions)</i>
IFRS working capital	\$ 13.6
Adjustment of gold inventory to market value	1.7
<u>Gold in Mishi stockpile, net of milling costs</u>	<u>4.3</u>
<u>Adjusted working capital</u>	<u>\$ 19.6</u>

The Company believes it has sufficient liquidity to carry out its mining, development and exploration programs. With current gold prices, operations are capable of generating strong cash flow as evidenced by the recent quarterly results.

### **OUTLOOK – Production Guidance Increases**

With production of more than 27,000 ounces of gold in the first half of 2014, our production guidance of 50,000 ounces for 2014 is revised upwards to 52,000 ounces. We expect greater volumes of lower grade ore in the second half of 2014 and more Mishi ore to be processed.

We are having a closer look at potential future expansion at Mishi given recent favourable drilling results.

### **ABOUT WESDOME**

Wesdome is in its 28<sup>th</sup> year of continuous mining operations in Canada. It currently has two producing gold mines in Wawa, Ontario, the Kiena Mine Complex in Val d'Or, Québec and the 3 million ounce Moss Lake gold deposit located 100 kilometres west of Thunder Bay, Ontario. The Company has approximately 111.1 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, mine operating profit, mining and processing costs and cash costs. Cash costs per ounce reflect actual mine operating costs incurred during the fiscal period divided by the number of ounces produced. 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 (loss) 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.*

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**Wesdome Gold Mines Ltd.****Condensed Interim Consolidated Statements of Financial Position**

(Unaudited, expressed in thousands of Canadian dollars except for per share amounts)

	June 30 2014	December 31 2013
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 8,253	\$ 5,651
Receivables	1,956	1,982
Inventory	12,365	10,757
	<u>22,574</u>	<u>18,390</u>
Restricted funds	3,005	2,994
Deferred income taxes	10,484	13,025
Mining properties, plant and equipment	40,221	35,118
Exploration properties	33,595	33,522
	<u>\$ 109,879</u>	<u>\$ 103,049</u>
<b>Liabilities</b>		
Current		
Payables and accruals	\$ 8,234	\$ 9,393
Current portion of obligations under finance lease	761	526
	<u>8,995</u>	<u>9,919</u>
Income taxes payable	22	22
Obligations under finance leases	1,278	380
Convertible debentures	6,124	5,996
Decommissioning provisions	2,481	2,434
	<u>18,900</u>	<u>18,751</u>
<b>Equity</b>		
Equity attributable to owners of the Company		
Capital stock	129,495	125,352
Contributed surplus	1,738	2,150
Equity component of convertible debentures	932	932
Deficit	(41,186)	(44,400)
	<u>90,979</u>	<u>84,034</u>
Non-controlling interest	-	264
Total equity	<u>90,979</u>	<u>84,298</u>
	<u>\$ 109,879</u>	<u>\$ 103,049</u>

**Wesdome Gold Mines Ltd.**  
**Condensed Interim Consolidated Statements of Income (Loss)**  
**and Comprehensive Income (Loss)**

(Unaudited, expressed in thousands of Canadian dollars except for per share amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
<b>Revenue</b>				
Gold and silver bullion	\$ 16,044	\$ 21,709	\$ 39,177	\$ 43,129
<b>Operating expenses</b>				
Mining and processing	9,681	18,108	23,092	35,809
Depletion of mining properties	1,263	2,862	3,296	4,220
Production royalties	289	212	635	531
Corporate and general	630	688	1,320	1,336
Share based payments	78	56	105	202
Kiena care and maintenance costs	377	-	844	-
Impairment charges	-	-	-	633
	<b>12,318</b>	<b>21,926</b>	<b>29,292</b>	<b>42,731</b>
Income (loss) from operations	3,726	(217)	9,885	398
Interest and other income	163	90	149	110
Interest on long-term debt	(204)	(196)	(396)	(393)
Other interest	-	(2)	(1)	(5)
Accretion of decommissioning provisions	(23)	(22)	(47)	(43)
Income (loss) before income tax	3,662	(347)	9,590	67
Income tax expense (recovery)				
Current	-	-	-	-
Deferred	784	(390)	2,541	58
	<b>784</b>	<b>(390)</b>	<b>2,541</b>	<b>58</b>
Net income and total comprehensive income	\$ 2,878	\$ 43	\$ 7,049	\$ 9
Net income (loss) and total comprehensive income (loss) attributable to:				
Non-controlling interest	\$ -	\$ (11)	\$ (26)	\$ (53)
Owners of the Company	2,878	54	7,075	62
	<b>\$ 2,878</b>	<b>\$ 43</b>	<b>\$ 7,049</b>	<b>\$ 9</b>
Basic and diluted earnings per share				
Basic	\$ 0.03	\$ 0.00	\$ 0.07	\$ 0.00
Diluted	\$ 0.03	\$ 0.00	\$ 0.06	\$ 0.00
Basic and diluted weighted average number of common shares (000)				
Basic	111,141	101,880	108,577	101,863
Diluted	111,515	101,920	108,914	101,870

## Wesdome Gold Mines Ltd.

### Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, expressed in thousands of Canadian dollars except for per share amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
<b>Operating activities</b>				
Net income	\$ 2,878	\$ 43	\$ 7,049	\$ 9
Depletion of mining properties	1,263	2,862	3,296	4,220
Accretion of discount on convertible debentures	65	58	128	114
Impairment charges	-	-	-	633
Loss on sale of equipment	34	-	58	2
Share based payments	78	56	105	202
Deferred income taxes	784	(390)	2,541	58
Interest paid	139	138	268	279
Accretion of decommissioning provisions	23	22	47	43
	<b>5,264</b>	<b>2,789</b>	<b>13,492</b>	<b>5,560</b>
Net changes in non-cash working capital	(612)	(957)	(1,625)	(2,153)
	<b>4,652</b>	<b>1,832</b>	<b>11,867</b>	<b>3,407</b>
<b>Financing activities</b>				
Funds paid to repurchase common shares under NCIB	(38)	(51)	(38)	(51)
Exercise of options	45	-	59	-
Share issue cost to acquire Moss Lake Gold Mines Ltd. minority shareholders	-	-	(494)	-
Repayment of obligations under finance leases	(226)	(221)	(450)	(438)
Interest paid	(139)	(138)	(268)	(279)
	<b>(358)</b>	<b>(410)</b>	<b>(1,191)</b>	<b>(768)</b>
<b>Investing activities</b>				
Additions to mining and exploration properties	(4,134)	(1,644)	(7,751)	(5,644)
Proceeds on sale of equipment	10	-	44	16
Funds held against standby letters of credit	(6)	(5)	(11)	(9)
	<b>(4,130)</b>	<b>(1,649)</b>	<b>(7,718)</b>	<b>(5,637)</b>
Net changes in non-cash working capital	208	(389)	(356)	(154)
	<b>(3,922)</b>	<b>(2,038)</b>	<b>(8,074)</b>	<b>(5,791)</b>
Increase (decrease) in cash	372	(616)	2,602	(3,152)
Cash, beginning of period	7,881	2,097	5,651	4,633
Cash, end of period	\$ 8,253	\$ 1,481	\$ 8,253	\$ 1,481