
Premier Gold Mines Reports 2020 Q1 Results

ALL AMOUNTS DISCUSSED HEREIN ARE DENOMINATED IN U.S. DOLLARS

Thunder Bay, May 6, 2020 – Premier Gold Mines Limited (“Premier” or “The Company”) (TSX:PG) (OTCPK: PIRGF) reports its operating and financial results for the three months ended March 31, 2020. The Company previously released first quarter production results on April 23, 2020.

Premier is a growth-oriented, Canadian-based mining company involved in the exploration, development and production of gold and silver deposits in Canada, the United States and Mexico. The Company manages a high-quality pipeline of precious metal projects in safe, proven, and accessible mining jurisdictions and is focused on stable production from its two producing mines and growth through the development of its advanced-stage, multi-million ounce, gold deposits.

2020 First Quarter Highlights

- Gold production for Q1 2020 totaled 18,317 ounces, up 4% from Q1 2019;
- Gold sales totaled 14,992 ounces despite increased production quarter over quarter due to the nature of the JV arrangement with Barrick, where gold from South Arturo is delivered to Premier the month following production, as well as to COVID-19 related challenges encountered at Mercedes toward the end of Q1;
- Revenue of \$22.7 million reported during the quarter is relatively consistent with that of Q1 2019 but lower than anticipated as a result of lower associated sales levels, and higher inventories at period end where 4,900 ounces of gold remained in inventory on March 31, 2020.
- The Company reported a mine operating loss of \$0.5 million and a net loss of \$11.9 million for the quarter after taking into account \$3.9 million in exploration and development expense and \$5.3 million in non-cash expenses during the period;
- Period end cash and cash equivalents balance of \$66.4 million after taking into account the payment of \$22.9 million in accrued liabilities carried over from prior year-end and over \$4.4 million in capital expenditures during the quarter.

CEO Commentary

“El Nino produced strong cash flow during Q1 and will do so for the remainder of the year”, stated Ewan Downie, President & CEO. “When Mercedes ramps up following the Mexican Government imposed care and maintenance, we will implement further initiatives to reduce costs, improve grade and maximise the profitability of the operation. Permitting initiatives at the McCoy-Cove and Hardrock Projects and planning of further mine development projects at South Arturo continue to provide Premier with a peer best organic growth platform”.

Three months ended March 31, 2020

A total of 18,317 ounces of gold and 52,832 ounces of silver were produced during Q1 2020 compared to 17,614 ounces of gold and 57,681 ounces of silver during Q1 2019.

The Company reported total revenue of \$22.7 million and a mine operating loss of \$0.5 million during the first quarter compared to revenue of \$23.1 million and mine operating income of \$3.7 million during Q1 2019. The increase in first quarter gold production when compared to the same period in 2019 is due to production from the El Nino underground mine at South Arturo which came on stream in the fall of 2019. Total revenue was similar quarter over quarter due to a \$203 per ounce increase in average selling price per ounce in 2020 versus 2019 despite a 2,528 ounce

reduction in ounces sold during Q1 2020. The reduction in mine operating income for Q1 2020 compared to that of Q1 2019 is due to the lower sales volume during Q1 2020 and to increased unit costs quarter over quarter as operating costs at Mercedes remained relatively constant while both grade and production were lower in Q1 2020. A total of \$4.0 million in exploration and pre-development expenses were incurred during the quarter. These expenses, when factored with the reduction in mine operating income, contributed to a net loss of \$11.5 million reported for the quarter. Consolidated quarter operating results are provided in Table 1 below.

Table 1: Selected Consolidated Operational and Financial Information

		Three months ended March 31	
<i>(in millions of U.S. dollars, unless otherwise stated) ⁽ⁱⁱⁱ⁾</i>		2020	2019
Ore milled	tonnes	189,578	178,771
Gold produced	ounces	18,317	17,614
Silver produced	ounces	52,832	57,681
Gold sold	ounces	14,992	17,520
Silver sold	ounces	41,794	62,581
Realized Price			
Average realized gold price ^(i,ii)	\$/ounce	1,474	1,271
Average realized silver price ^(i,ii)	\$/ounce	16	16
Non-IFRS Performance Measures			
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	1,173	806
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	1,584	1,105
Co-product cash costs per ounce of silver sold ⁽ⁱⁱ⁾	\$/ounce	14	10
Co-product all-in sustaining costs per ounce of silver sold ^(i,ii)	\$/ounce	21	13
By-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	1,168	786
By-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	1,597	1,098
Financial Measures			
Gold revenue	m \$	22.0	22.1
Silver revenue	m \$	0.7	1.0
Total revenue	m \$	22.7	23.1
Mine operating income / (loss)	m \$	(0.5)	3.7
Net income / (loss)	m \$	(11.9)	(0.9)
Earnings / (loss) per share	/share	(0.05)	-
EBITDA ^(i,ii)	m \$	(5.6)	4.4
Cash & cash equivalents balance	m \$	66.4	43.5
Cash flow from operations	m \$	(26.5)	(4.7)
Free cash flow ^(i,ii)	m \$	(31.2)	(18.1)
Exploration, evaluation & pre-development expense	m \$	4.0	6.2
Capital			
Total capital expenditures	m \$	4.4	13.4
Capital expenditures - sustaining ^(i,ii)	m \$	4.5	4.2
Capital expenditures - expansionary ^(i,ii)	m \$	(0.1)	9.2

⁽ⁱ⁾ A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of this Management's Discussion and Analysis.

⁽ⁱⁱ⁾ Cash costs, all-in sustaining costs, free cash flow, EBITDA, sustaining and expansionary capital expenditures as well as average realized gold/silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

⁽ⁱⁱⁱ⁾ May not add due to rounding.

A total of \$5.2 million in capital expenditures were incurred during the quarter, with \$4.5 million on sustaining capital and \$0.3 million on expansion related activities at Mercedes, and \$0.4 million for mine development and construction at South Arturo. Net capital expenditures on a consolidated basis totalled \$4.4 million for the quarter after taking into account \$0.8 million of pre-production income realized from processing Phase I open pit development ore. The

Company closed the quarter with cash and cash equivalents of \$66.4 million, and inventory of 4,900 ounces of gold and 14,834 ounces of silver.

Mercedes

The Mercedes Mine is located 150 kilometres northeast of the city of Hermosillo in the state of Sonora, Mexico. Operations are exploiting low-sulfidation quartz veins and quartz veinlet stockwork for gold and silver. Quarter operating results are provided in Table 2 below.

Table 2: Mercedes Selected Financial and Operating Results

		Three months ended March 31	
<i>(in millions of U.S. dollars, unless otherwise stated) ⁽ⁱⁱⁱ⁾</i>		2020	2019
Ore & Metals			
Ore milled	<i>tonnes</i>	162,408	178,771
Gold produced	<i>ounces</i>	11,587	17,614
Silver produced	<i>ounces</i>	52,207	57,681
Gold sold	<i>ounces</i>	9,685	17,520
Silver sold	<i>ounces</i>	41,794	62,581
Average gold grade	<i>grams/t</i>	2.4	3.2
Average silver grade	<i>grams/t</i>	26.97	27.31
Average gold recovery rate	<i>%</i>	93.9	96.2
Average silver recovery rate	<i>%</i>	37.1	36.8
Realized Price			
Average realized gold price ^(i,ii)	<i>\$/ounce</i>	1,441	1,271
Average realized silver price ^(i,ii)	<i>\$/ounce</i>	16	16
Non-IFRS Performance Measures			
Co-product cash costs per ounce of gold sold ^(i,ii)	<i>\$/ounce</i>	1,282	806
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	<i>\$/ounce</i>	1,883	1,105
Co-product cash costs per ounce of silver sold ^(i,ii)	<i>\$/ounce</i>	14	10
Co-product all-in sustaining costs per ounce of silver sold ^(i,ii)	<i>\$/ounce</i>	21	13
By-product cash costs per ounce of gold sold ^(i,ii)	<i>\$/ounce</i>	1,274	786
By-product all-in sustaining costs per ounce of gold sold ^(i,ii)	<i>\$/ounce</i>	1,904	1,098
Financial Measures			
Gold revenue	<i>m \$</i>	13.9	22.1
Silver revenue	<i>m \$</i>	0.7	1.0
Total revenue	<i>m \$</i>	14.6	23.1
Mine operating income / (loss)	<i>m \$</i>	(2.0)	3.7
Exploration, evaluation & pre-development expense	<i>m \$</i>	0.7	0.6
Capital			
Total capital expenditures	<i>m \$</i>	4.8	6.1
Capital expenditures - sustaining ^(i,ii)	<i>m \$</i>	4.5	4.2
Capital expenditures - expansionary ^(i,ii)	<i>m \$</i>	0.3	1.9

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⁽ⁱⁱ⁾ Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold/silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

⁽ⁱⁱⁱ⁾ May not add due to rounding.

Mine production at Mercedes during Q1 2020 was 11,587 ounces of gold and 52,207 ounces of silver compared to 17,614 ounces of gold and 57,681 ounces of silver during Q1 of the prior year. The decrease in gold ounces produced compared to Q1 2019 is due primarily to lower grade ore delivered to the mill. Despite progress made late in the quarter to reduce dilution in certain zones and progress with development work to access higher-grade areas including Lupita Extension, the lower-grade Diluvio zone, where dilution remains a challenge, continued to be the primary source of ore. Tonnage mined during Q1 2020 was also lower when compared to Q1 2019, driven somewhat by a reduction in the mining rate during the last ten days of March as the Company began to prepare for the shut down imposed by the government of Mexico in response to COVID-19, which resulted in the mine being placed into care and maintenance.

Unit operating costs at Mercedes on a co-product basis were cash costs⁽¹⁾ of \$1,282 and all-in sustaining costs (AISC)⁽¹⁾ of \$1,883 per ounce of gold sold. Despite operating efficiencies that resulted in mining and processing costs per tonne below budget, lower grade and mill throughput resulted in higher unit costs per ounce compared to plan and Q1 2019. Sustaining capital costs at Mercedes were \$4.5 million for the quarter, which were in line with the 2020 budget but an increase over the prior year quarter due to increased development activities as the Company focuses on accessing higher grade material. Total capital expenditures were \$4.8M, significantly lower than the prior year period mostly due to less expansionary development.

Exploration activities continued during the quarter with a total of 1,829m drilled and focus on higher-grade gold mineralization at Lupita Extension, San Martin, Diluvio West and Marianas.

In addition to the \$4.5 million in sustaining capital expenditures incurred during the quarter, the Company capitalized another \$0.3 million in expansionary mine development and exploration related costs.

South Arturo

The South Arturo Mine in Nevada is a joint venture, operated by Nevada Gold Mines LLC, with Barrick Gold Corporation (“Barrick”). Several opportunities exist on the property including the recently developed El Nino underground mine. El Nino is the second mine to be developed at South Arturo and, as with the Phase 2 pit, has delivered consistent results since initial production in late 2019.

The Company and its South Arturo JV partner Barrick, are currently assessing additional development opportunities, including the Phase 1 and Phase 3 open pit projects and the potential for an on-site heap leach operation. Developments during late 2019 included a 91% positive reconciliation of heap leach material in stripping of the Phase 1 pit and positive grade reconciliation realized in the drilling at Phase 3 with results that include 112.8 m of 7.29 g/t Au and 62.5 m of 7.93 g/t Au (see press release dated October 28, 2019 for complete results).

Production at South Arturo for the first quarter of 2020 was 6,730 ounces of gold and 625 ounces of silver, coming exclusively from the El Nino underground mine. An additional 759 pre-production ounces of gold was recovered from Phase 1 open pit development during the first quarter with proceeds from the sale of pre-production ounces being recorded as a reduction in the cost of development during the period in which it is sold.

Co-product cash cost per ounce of gold sold was \$976 during the first quarter of 2020 compared to nil during the first quarter of 2019. All-in sustaining cost per ounce of gold sold was \$1,038 during the first quarter of 2020 compared to nil during the first quarter of 2019.

Exploration drilling in 2020 at El Nino will be focused on increasing reserves and resources. Additional drilling on the property will seek to define and expand mineralization proximal to the Phase 1 and Phase 3 open pit projects. The first quarter operating results are provided in Table 3 below.

Table 3: South Arturo Selected Financial and Operating Results

		Three months ended March 31	
<i>(in millions of U.S. dollars, unless otherwise stated) ^(iv)</i>		2020	2019
Ore & Metals			
Ore milled	<i>tonnes</i>	27,170	0
Gold produced	<i>ounces</i>	6,730	0
Gold sold	<i>ounces</i>	5,307	0
Silver produced	<i>ounces</i>	625	0
Average gold grade	<i>grams/t</i>	8.6	0.0
Average gold recovery rate	<i>%</i>	89.7	0.0
Realized Price			
Average realized gold price ^(i,ii)	<i>\$/ounce</i>	1,535	0
Non-IFRS Performance Measures			
Co-product cash costs per ounce of gold sold ^(i,ii)	<i>\$/ounce</i>	976	0
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	<i>\$/ounce</i>	1,038	0
By-product cash costs per ounce of gold sold ^(i,ii,iii)	<i>\$/ounce</i>	976	0
By-product all-in sustaining costs per ounce of gold sold ^(i,ii,iii)	<i>\$/ounce</i>	1,038	0
Financial Measures			
Gold revenue	<i>m \$</i>	8.1	0.0
Mine operating income	<i>m \$</i>	1.5	(0.0)
Exploration, evaluation & pre-development expense	<i>m \$</i>	0.0	0.0
Capital			
Total capital expenditures	<i>m \$</i>	(0.4)	4.6
Capital expenditures - sustaining ^(i,ii)	<i>m \$</i>	0.0	0.0
Capital expenditures - expansionary ^(i,ii)	<i>m \$</i>	(0.4)	4.6

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⁽ⁱⁱ⁾ Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold/silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

⁽ⁱⁱⁱ⁾ Given the small nature and timing of South Arturo silver output, no silver by-product credits are reported.

^(iv) May not add due to rounding.

McCoy-Cove

Pumping tests were completed during the first quarter of 2020 on the two wells drilled in 2019. Modeling of the data and metallurgical lab test work will be ongoing throughout the first half of 2020 to better understand the hydrological aspects and processing options for the project prior to the development of an exploration ramp.

An exploration drill program is expected to commence in Q2 focused on testing several priority targets generated by work completed in 2019.

Greenstone Gold Mines

The Company owns a 50% interest in the Greenstone Gold Mines Partnership (“GGM”). GGM’s principal asset is the Hardrock Mine Project (“Hardrock”) located on the Trans-Canada Highway near Geraldton, Ontario, Canada. Hardrock is one of the most significant large-scale, near permitted, mine development projects in North America.

Spending at Hardrock during the quarter totaled \$3.8 million (CAD\$5.1 million). Key activities include further advancement of detailed engineering work for key infrastructure items, permitting, implementation of indigenous agreements, water management modelling and regional exploration. The Closure Plan for the Hardrock Project, which represents a key permitting and environmental milestone for the project, was filed with the Ministry of Energy, Northern Development and Mines (“ENDM”) during the quarter, and the first phase of financial assurance was posted with ENDM. The Company’s joint venture partner Centerra Gold Inc, (“Centerra”) continues to fund one hundred percent of the costs associated with project development, with total accumulated funding by Centerra to date reaching C\$145 million. An additional C\$40 million in funding is required before Centerra will have satisfied its deferred funding obligation to the joint venture.

Since completion of an initial Feasibility Study for the Hardrock Project in 2016, more than C\$90 million has been budgeted and expended on initiatives designed to de-risk and further optimize the economic model associated with the project. Approximately 40,000 metres of additional drilling for the purposes of assessing grade continuity within the pit was completed, and a revised resource estimate was prepared by G-Mining, the Independent Qualified Person (“QP”) for the project, and disclosed by Premier in the fall of 2019. Significant detailed engineering work was also completed during that time to further refine project design and increase the level of confidence associated with costs included in the economic model. Late in 2019, the QP prepared an updated economic model, which incorporated the cumulative results of each of the comprehensive work programs over the past three years. The updated economic model, which was delivered to the partners in December of 2019, indicated significantly enhanced economics.

On March 30, 2020, Premier made an offer to acquire the remaining 50% interest in its Greenstone Gold Mines Partnership from Centerra for total consideration of approximately US\$205 Million. The offer was rejected by Centerra on April 8, 2020. Premier believes that Centerra’s decision to reject the offer is inconsistent with its refusal to make a Positive Feasibility Decision as required under the partnership agreement and therefore confirms Centerra recognizes the substantial value associated with the Hardrock Project.

COVID-19 Update

The Company continues to monitor and adapt to developments with respect to the COVID-19 pandemic. Operations at the Company’s South Arturo project have continued to date without significant interruption, and the Company has taken all necessary precautions at each of its other operating sites to protect the health and safety of employees, their families and the communities near which the Company operates. Significant planning is underway to ensure that the Company is prepared to resume operations once health authorities indicate that it is safe to do so.

Public Offering and Financing Arrangement

As previously disclosed on March 4, 2020, the Company completed a public offering of 25,335,000 common shares at a price of C\$1.50 per common share for aggregate gross proceeds of C\$38.0 million (the “Offering”).

Concurrent with the Offering, the Company completed certain financing arrangements with Orion that includes (i) an amended and restated gold prepay credit agreement (the "Second Amended and Restated Gold Prepay Agreement"), amending and restating the existing amended and restated gold prepay credit agreement dated January 31, 2019 (the "Existing Prepay"), and (ii) an amended and restated offtake agreement (the "Second Amended and Restated Offtake Agreement"), amending and restating the amended and restated offtake agreement dated January 31, 2019 (the "Existing Offtake").

Under the terms of the Second Amended and Restated Gold Prepay Agreement, Orion increased the principal amount under the Existing Prepay by \$15.5 million (the "Additional Principal Amount"), with the Company being required to deliver at least 2,450 ounces of refined gold to Orion in each quarter of a calendar year until June 30, 2020, and 1,000 ounces of refined gold thereafter until an aggregate of 16,900 ounces of refined gold (inclusive of the ounces remaining under the Existing Prepay) have been delivered to Orion (subject to upward and downward adjustments in certain circumstances). The threshold gold price per ounce for the downward and upward adjustments to the quarterly gold quantity and the aggregate gold quantity deliverable under the Second Amended and Restated Gold Prepay Agreement were amended to \$1,650 per ounce of gold and \$1,350 per ounce of gold, respectively. The maturity date under the Amended and Restated Gold Prepay Agreement was extended to June 30, 2023.

The net proceeds of the offering and financing arrangement with Orion are expected to be used by the Company for working capital requirements of the Mercedes and South Arturo mines, development, expansion and working capital requirements of the McCoy-Cove project, for general corporate and working capital purposes and may also be used to reduce indebtedness under the Company's revolving term credit facility.

All abbreviations used in this press release are available by following this link ([click here](#)).

Stephen McGibbon, P. Geo., Executive Vice President, Corporate and Project Development Premier has reviewed the scientific and technical information contained in this press release and is a Qualified Person within the meaning of National Instrument 43-101.

Q1 financial results and conference call details:

Full financial results for the three months ended March 31, 2020, will be released before market open on May 6, 2020 and a conference call with senior management will be held at 10:00am EST.

Details for the conference call and webcast can be found below and will be accessible on the Company's website.

Toll Free (North America): (+1) 888 390 0605

International: (+1) 416 764 8609

Webcast Link: https://produceredition.webcasts.com/starthere.jsp?ei=1306798&tp_key=c7dd9b4269

Conference Call Replay

The conference call replay will be available from 1:00pm EST on May 6, 2020 until 11:59pm EST on May 13, 2020.

Toll Free Replay Call (North America): (+1) 888 390 0541

International Replay Call: (+1) 416 764 8677

Passcode: 746953 #

Non-IFRS Measures

The Company has included certain terms and performance measures commonly used in the mining industry that are not defined under International Financial Reporting Standards (“IFRS”) within this document. These include: cash cost per ounce sold, all in sustaining cost (“AISC”) per ounce sold, earnings before interest, tax, depreciation and amortization (“EBITDA”), adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”), adjusted earnings / (loss) per share, free cash flow, capital expenditures (expansionary), capital expenditures (sustaining) and average realized price per ounce. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore, they may not be comparable to similar measures employed by other companies. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements. Readers should refer to the Company's Management Discussion and Analysis under the heading “Non-IFRS Measures” for a more detailed discussion of how such measures are calculated.

For further information, please contact:

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This Press Release contains certain information that may constitute “forward-looking information” under applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements about strategic plans, including future operations, future work programs, capital expenditures, use of proceeds from the Offering and financing arrangements with Orion, discovery and production of minerals, price of gold and currency exchange rates, timing of geological reports and corporate and technical objectives. Forward-looking information is necessarily based upon a number of assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks inherent to the mining industry, adverse economic and market developments and the risks identified in Premier's annual information form under the heading “Risk Factors.” There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. Premier disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.