

Shares Issued: 201,313,187

THUNDER BAY, ON, Jan. 12, 2017 /CNW/ - [Premier Gold Mines Ltd.](#) (TSX:PG) ("Premier", "the Company") is pleased to report its 2016 highlights along with 2017 production and cost guidance. All dollar figures are in United States dollars unless otherwise indicated.

2016 Fourth Quarter Highlights:

- Quarterly gold production of 81,790 ounces and silver production of 97,991 ounces

2016 Full-Year Highlights:

- Gold production of 112,018 ounces
- Surpassed gold production guidance of 100,000-110,000 ounces
- No lost-time injuries
- Achieved commercial production at the new South Arturo Mine in Carlin, Nevada
- Acquired the Mercedes Mine in Sonora State, Mexico
- Announced results from the Feasibility Study for the Hardrock deposit
- Deep drilling of high-grade mineralization at McCoy-Cove in Nevada raises project to development status

2017 Production and Cost Guidance:

- Consolidated production of between 125,000-135,000 ounces of gold and 325,000-350,000 ounces of silver
- Forecast cash costs of between \$580-\$610 per ounce of gold
- Forecast all-in sustaining costs of between \$660-\$690 per ounce of gold

2016 Operating Results

In 2016, Premier achieved production at two mines, South Arturo in Nevada and Mercedes in Mexico. Consolidated gold production was 112,018 ounces of gold, which was above the Company's 2016 production guidance of 100,000-110,000 ounces. The increase in annual gold production was attributable to higher grades than anticipated, and an accelerated production profile at its South Arturo mine.

Mine-by-mine gold production in the fourth quarter and full-year 2016 was as follows:

Mine	Q4 2016 Production (ounces gold)	Full-year 2016 Production (ounces gold)
South Arturo, Nevada	59,030	89,258
Mercedes, Mexico	22,760	22,760
Consolidated Production	81,790	112,018

The South Arturo Mine had an exceptional year, achieving commercial production in August, on time and under budget. Since the start of production in August, the South Arturo Mine produced 89,258 ounces of gold, of which 59,030 ounces were produced in the fourth quarter.

The Mercedes Mine in Mexico has performed well since it was acquired from Yamana Gold on September 30, 2016. Mercedes Mine produced 22,760 ounces of gold and 97,991 ounces of silver, meeting the Company's production guidance for the year.

2017 Production Outlook and Cost Guidance

Consolidated gold production for 2017 is expected to increase to between 125,000- 135,000 ounces, compared to 112,018 ounces in 2016. The higher production relates primarily to a full year of production from the Mercedes Mine. Production in 2017 is anticipated to be slightly weighted towards the first-half of the year due to the production schedule from the South Arturo Phase 2 pit.

Cash costs are projected to increase in 2017 and be in the range of \$580-\$610 per ounce of gold due to lower grades being processed from South Arturo and the increased weighting of production from the Mercedes Mine.

Consolidated all-in sustaining costs are forecasted to be between \$660-\$690 per ounce of gold.

Mine-by-mine 2017 forecasts for gold production, cash costs, all in sustaining costs and non-sustaining capital expenditures are as follows:

	2016 Gold Production (ounces)	2017 Forecast Gold Production (ounces)	2017 Forecast Cash Costs (\$ per ounce Au)	2017 All-in Sustaining Costs (\$ per ounce Au)	2017 Forecast Non-Sustaining Capital Expenditures (\$ thousands)
South Arturo	89,258	40,000-45,000	\$440-470	\$450-480	\$1,868
Mercedes	22,760	85,000-90,000	\$680-710	\$810-840	\$7,876
Premier Consolidated	112,018	125,000-135,000	\$580-610	\$660-690	\$9,744

South Arturo Mine, Nevada

The South Arturo Mine is forecast to produce between 40,000-45,000 ounces of gold in 2017 compared to 89,258 ounces in 2016. Lower production is attributable to the planned wind down of the Phase 2 pit. Cash costs are forecast to be approximately \$440-\$470 per ounce, slightly higher than 2016 guidance as a result of lower annual throughput and lower projected grades.

The El Nino deposit is situated immediately down-plunge of the Phase 2 pit and will become the focus after Phase 2 production in 2017 is complete. Permits for the construction of the potential underground El Nino mine were submitted to the Government in 2016. Close-spaced drilling in early 2017 will be used for future mine planning.

Non-sustaining capital costs of \$1.9M and exploration of \$0.5M is planned for 2017.

Mercedes Mine, Mexico

The Mercedes Mine is forecast to produce between 85,000-90,000 ounces of gold in 2017 compared to 22,760 ounces in 2016. Cash costs are forecast to be approximately \$680-\$710 per ounce, matching closely with the Company's 2016 cost guidance.

For 2017, sustaining capital at the Mercedes Mine is estimated to be approximately \$12 million mainly for underground development, buildings, other infrastructure and equipment. The planned expansion and mine development is budgeted at \$7.9M.

The 2017 exploration budget for Mercedes is \$4.7 million, and includes some 20,000 metres of drilling from surface and underground platforms. The Company plans to release a revised reserve and resource estimate for Mercedes during the first quarter.

"In 2017, we expect record production of gold and silver from our two mines at industry-best operating costs," stated Ewan Downie, President & CEO of Premier. "In addition to the current mining operations, we will continue to aggressively advance our two near-term development opportunities, El Nino at South Arturo and the Helen and CSD Gap deposits at McCoy-Cove".

Premier remains focused on building its mining business towards a mid-tier producer status with its two producing gold mines, South Arturo and Mercedes, and the ongoing mine permitting process required to develop its Hardrock Project in Ontario (Trans-Canada JV) and McCoy-Cove in Nevada. Advanced exploration continues in Red Lake and further work on the newly acquired projects will determine which of these assets will contribute to the next stage of growth and development of the Company.

Premier will be hosting an Investor Day presentation at the Toronto Board of Trade (4th floor, rooms A/B), 1 First Canadian Place, Toronto, Ontario at 10:00am (EST) on Thursday, January 12, 2017. The Company invites all current and future shareholders to attend this event.

Stephen McGibbon, P. Geo., is the Qualified Person for the information contained in this press release and is a Qualified Person within the meaning of National Instrument 43-101.

[Premier Gold Mines Ltd.](#) is a gold producer and respected exploration and development company with a high-quality pipeline of precious metal projects in proven, accessible and safe mining jurisdictions in Canada, the United States, and Mexico.

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, 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.

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Contact

Ewan Downie, President & CEO, Phone: 807-346-1390, e-mail: Info@premiergoldmines.com, Web Site: www.premiergoldmines.com