

Solid first year of production sees year-end cash & cash equivalent balance of USD\$89.2 million (CAD\$119.7 million)

Shares Issued: 201,530,687

THUNDER BAY, ON, March 23, 2017 /CNW/ - [Premier Gold Mines Ltd.](#) (TSX: PG) ("Premier", "the Company") is pleased to announce its operational and financial results for the three months and year-ended December 31, 2016. The Company previously released its production results for the fourth quarter and full year in its news release dated January 12, 2017. This press release should be read in conjunction with the Company's Consolidated Financial Statements and related Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the year ended December 31, 2016, which are available on SEDAR (www.sedar.com). All dollar amounts included in this press release are expressed in Canadian dollars, unless otherwise noted, and are based on the Company's MD&A and Consolidated Financial Statements, which were prepared in accordance with International Financial Reporting Standards.

2016 Fourth Quarter Highlights

- Consolidated production of 81,511 ounces of gold and 98,401 ounces of silver⁽ⁱ⁾
- Consolidated Gold revenue of USD\$102.0 million (CAD\$135.1 million) on sales of 82,188 ounces at an average realized price of USD\$1,241 (CAD\$1,644) per ounce
- Consolidated co-product cash costs⁽ⁱⁱ⁾ of USD\$306 per ounce of gold sold
- Consolidated co-product all-in sustaining costs⁽ⁱⁱ⁾ of USD\$356 per ounce of gold sold
- Net income for the quarter of USD\$20.4 million (CAD\$27.0 million)
- Cash flow from operating activities of USD\$73.0 million (CAD\$96.7 million)

(i) Final gold production lower by 279 ounces and silver higher by 410 ounces than previously released on January 12, 2017 due to final year end reconciliation

(ii) See "Non-IFRS Measures". A cautionary note and further information regarding Non-IFRS metrics is included in the "Non-IFRS Measures" section of the MD&A

2016 Full Year Highlights

- Consolidated production 111,739 ounces of gold and 98,401 ounces of silver⁽ⁱ⁾
- Consolidated gold revenue of USD\$112.5 million (CAD\$149.0 million) on sales of 90,263 ounces at an average realized price of USD\$1,246 (CAD\$1,651) per ounce
- Consolidated co-product cash costs⁽ⁱⁱ⁾ of USD\$310 per ounce of gold, below 2016 guidance of USD\$451 per ounce
- Consolidated co-product all-in sustaining costs⁽ⁱⁱ⁾ of USD\$370 per ounce of gold, below 2016 guidance of USD\$489 per ounce
- Year-end cash balance of USD\$89.2 million (CAD\$119.7 million)
- Year-end inventory of 23,386 ounces of gold and 40,492 ounces of silver
- Cash flow from operating activities of USD\$43.7 million (CAD\$57.9 million)
- EBITDA USD\$58.2 million (CAD\$77.1 million), or USD\$.31 per share (CAD\$.41 per share)⁽ⁱⁱⁱ⁾
- Net loss USD(\$549,099), CAD(\$727,447)

(i) Final gold production lower by 279 ounces and silver higher by 410 ounces than previously released on January 12, 2017 due to final year end reconciliation

(ii) See "Non-IFRS Measures". A cautionary note and further information regarding Non-IFRS metrics is included in the "Non-IFRS Measures" section of the MD&A

2016 Financial Highlights – For the three months and year ended December 31, 2016

2016 was Premier's first year as a producer, with the fourth quarter being Premier's first full quarter of production. Continued strong performance at South Arturo, and the addition of the Mercedes Mine during the fourth quarter, led to increased production and substantial cash flow for both the fourth quarter and the full year. 2016 gold production of 111,739 ounces exceeded the Company's guidance of 100,000-110,000 ounces for the year.

At December 31, 2016, the Company remained in a strong financial position with cash and cash equivalents of USD\$89.2 million (CAD\$119.7 million) compared to USD\$31.3 million (CAD\$42.1 million) at September 30, 2016. At year-end the Company also carried precious metals inventories of 23,386 ounces gold and 40,492 ounces silver.

Millions CAD\$, except for earnings/(loss) per share	Three months ended December 31, 2016	Twelve months ended December 31, 2016	Millions USD \$, except for earnings/(loss) per share	Three months ended December 31, 2016	Twelve months ended December 31, 2016
Revenue	136.6	150.5	Revenue	103.1	113.6
Gross profit	40.3	43.7	Gross profit	30.4	33.0
EBITDA (i)(ii)	96.8	77.1	EBITDA (i)(ii)	73.1	58.2
Net income \ (loss)	27.0	(0.7)	Net income \ (loss)	20.4	(0.5)
Earnings \ (loss) per share	0.16	0.00	Earnings \ (loss) per share	0.12	0.00
Change in cash	77.6	46.6	Change in cash	57.8	34.7

Millions CAD\$	For the year ended December 31, 2016	For the year ended December 31, 2015	Millions USD\$	For the year ended December 31, 2016	For the year ended December 31, 2015
EBITDA (i)(ii)	77.1	20.4	EBITDA (i)(ii)	58.2	16.0
Cash flow from operating activities	57.9	(19.6)	Cash flow from operating activities	43.7	(15.3)
Cash and cash equivalents	119.7	73.1	Cash and cash equivalents	89.2	52.8

(i) Earnings before interest, tax, depreciation and amortization

(ii) See "Non-IFRS Measures". A cautionary note and further information regarding Non-IFRS metrics is included in the "Non-IFRS Measures" section of the MD&A

Capital expenditures during the fourth quarter were USD\$5.5 million (CAD\$7.3 million) and exploration, evaluation and pre-development expenses were USD\$8.3 million (CAD\$11.1 million). Capital expenditures during the year were USD\$37.1 million (CAD\$49.8 million) and exploration, evaluation and pre-development expenses were USD\$26.2 million (CAD\$34.7 million).

Strong operating results from both mines contributed to an EBITDA⁽ⁱⁱ⁾ of USD\$73.1 million (CAD\$96.8 million) for the fourth quarter and USD\$58.2 million (CAD\$77.1 million) for the year. Net income of USD\$20.4 million (CAD\$27.0 million) was reported for the fourth quarter, Premier's first full quarter of production. A net loss of USD\$0.5 million (CAD\$0.7 million) was recorded for the year due primarily to the expensing of exploration expenditures and depletion, depreciation and amortization.

2016 Operational Highlights – For the three months and year ended December 31, 2016

South Arturo

The South Arturo Mine, which is 40% owned by Premier and is operated by joint venture partner Barrick Gold, was brought into production in Q3-2016 and has been a solid performer with industry-low production costs. The mine achieved commercial production on August 1, 2016 and has exceeded production guidance primarily due to revised scheduling of ore through the roaster and positive grade reconciliation.

South Arturo Operating Results
in CAD \$, unless otherwise stated

		Three months ended December 31, 2016	Twelve months ended December 31, 2016
Ore milled	tonnes	213,346	330,415
Gold produced	ounces	59,030	89,258
Gold sold	ounces	67,569	75,644
Average gold grade	grams/tonne	9.48	9.27
Average gold recovery rate	%	90.8	90.6

Revenues and realized prices

Gold revenue	000s	111,587	125,499
Average realized gold price (i,ii)	\$/ounce	1,651	1,659

Non-IFRS Performance Measures

Co-product cash costs per ounce of gold sold (i,ii)	USD \$/oz	223	236
Co-product all in sustaining costs per ounce of gold sold (i,ii)	USD \$/oz	258	285

(i) See "Non-IFRS Measures". A cautionary note regarding Non-IFRS metrics is included in the "Non-IFRS Measures" section of 2016 Management's Discussion and Analysis

(ii) Cash costs, all-in sustaining costs as well as average realized gold price per ounce are Non-IFRS metrics and discussed in the "Non-IFRS Measures" section of the Company's MD&A

Performance for the fourth quarter and for the year was better than plan both in production and costs. Production attributed to Premier was 59,030 ounces of gold compared to 30,228 ounces of gold for the prior quarter. Gold recovery of 90.6% was greater than plan. Lower cash costs compared to the third quarter were due to achieving full efficiencies after start-up.

Capital expenditures during the fourth quarter were USD\$0.10 million (CAD\$0.13 million). Capital expenditures totaling USD\$31.5 million (CAD\$42.3 million) during 2016 consisted mainly of pre-production development costs.

The joint venture continues to advance additional development opportunities including potential open pit (Phases 1&3) and the El Nino underground.

Earlier in 2016, Barrick submitted permits for potential underground mine development at El Nino which would utilize a ramp from the bottom of the current open pit. Drilling to support initial planning at El Nino is expected be completed in 2017 and 2018.

Mercedes

The acquisition of the Mercedes Mine located in Sonora, Mexico closed on September 30, 2016. Production during the fourth quarter was 22,481 ounces of gold and 98,401 ounces of silver. Costs for the quarter, on a co-product basis, remained under budget with average all-in sustaining costs coming in at USD\$811 per ounce of gold and USD\$11 per ounce of silver.

Mercedes Operational Results
in CAD \$, unless otherwise stated

Three months
ended December
31, 2016 (i)

Twelve months
ended
December 31,
2016 (i)

Ore milled	tonnes	175,007	175,007
Gold produced	ounces	22,481	22,481
Silver produced	ounces	98,401	98,401
Gold sold	ounces	14,619	14,619
Silver sold	ounces	65,380	65,380
Average gold grade	grams/tonne	4.27	4.27
Average silver grade	grams/tonne	44.49	44.49
Average gold recovery rate	%	94.8	94.8
Average silver recovery rate	%	39.1	39.1
Revenues and realized prices			
Gold revenue	000s	23,521	23,521
Silver revenue	000s	1,490	1,490
Total revenues	000s	25,011	25,011
Average realized gold price (ii,iii)	\$/ounce	1,609	1,609
Average realized silver price (ii,iii)	\$/ounce	23	23

Non-IFRS Performance Measures

Co-product cash costs per ounce of gold sold (ii,iii)	USD \$/oz	690	690
Co-product all in sustaining costs per ounce of gold sold (ii,iii)	USD \$/oz	811	811
Co-product cash costs per ounce of silver sold (ii,iii)	USD \$/oz	10	10
Co-product all in sustaining costs per ounce of silver sold (ii,iii)	USD \$/oz	11	11
By-product cash costs per ounce of gold sold (ii,iii)	USD \$/oz	656	656
By-product all in sustaining costs per ounce of gold sold (ii,iii)	USD \$/oz	785	785

(i) Twelve month results include Mercedes Q4 2016

(ii) See "Non-IFRS Measures". A cautionary note regarding Non-IFRS metrics is included in the "Non-IFRS Measures" section of 2016 Management's Discussion and Analysis

(iii) Cash costs, all-in sustaining costs as well as average realized gold price per ounce are Non-IFRS metrics and discussed in the "Non-IFRS Measures" section of the Company's 2016 MD&A

Mercedes continued to deliver improved performance during the fourth quarter as a result of revised mine planning, operational

improvements and reductions in the mine's cost structure. At the processing plant, Mercedes commissioned an oxygen injection system, resulting in an increase in recoveries for gold in the range of 1% and silver in the range of 4%. With a continued focus on business optimization and operating efficiencies, Mercedes delivered on expectations for 2016. Additional production initiatives, including development of the Diluvio deposit, are expected to positively impact the future mining rate at Mercedes.

Capital expenditures totaling USD\$5.3 million (CAD\$7.1 million) during the fourth quarter included USD\$1.1 million (CAD\$1.5 million) in underground sustaining mine development, USD\$0.5 million (CAD\$0.7 million) for heavy equipment, USD\$1.1 million (CAD\$1.5 million) for expansionary underground development and USD\$2.1 million (CAD\$2.8 million) in capitalized exploration.

Three drill rigs were active at site during the year, completing 27,442 metres in 135 holes, of which 8,532 metres in 44 holes was completed during the fourth quarter. Diluvio infill and extension drilling returned the best results. Several new vein zones that were identified proximal to existing mine workings will be the focus of early exploration during 2017.

Mercedes reported no Lost Time Injuries during 2016. Management would like to recognize and congratulate mine management, employees and contractors for the achievement of this important milestone.

McCoy-Cove

A total of 9,370 metres of drilling was completed on the McCoy-Cove property during the fourth quarter, including 4,067 metres of core drilling and 2,322 metres of pre-collar rotary drilling in 14 drill holes in and near the GAP target area. A total of 22,199 metres of drilling was completed during the year.

Table 1 – Resource Estimate, McCoy-Cove Property

Property Deposit Participating Interest	Cut-off Category	Resource Category	Tonnes (Mt)	Gold Grade (g/t Au)	Gold Ounces (000's)
McCoy-Cove Helen/CSD GAP/2201 100%	Underground		-		
		Measured (M)	0.61		-
		Indicated (I)	0.61	11.55	228
		Subtotal M & I	3.38	11.55	228
		Inferred		12.17	1,322

*See Press Release dated March 21, 2017 for the details and assumptions of the mineral resource estimate.

The Company is working toward completing a Preliminary Economic Assessment ("PEA") in the second half of 2017. The Cove-Helen Underground Exploration Plan of Operations ("PoO"), which was approved in 2013, grants Premier the option to pursue an underground exploratory drill program as well as test mining in the Helen Zone. Premier has initiated preliminary engineering, dewatering and baseline studies to advance the underground exploration PoO toward development. Optimization and validation of the dewatering scenario is ongoing, and includes a pump test planned for the first half of 2017 to confirm dewatering rates prior to completing the PEA in the second half of 2017.

Greenstone Gold Mines

The Hardrock Feasibility Study was released in November, 2016. Approximately USD\$23.4 million (CAD\$31.0 million) was spent by Greenstone Gold during 2016 on a range of exploration and project development activities including USD\$2.1 million (CAD\$2.8 million) on exploration. Exploration activity during the year included orientation till sampling programs, line cutting, core re-logging and orientation geophysical surveys. A comprehensive review of historical geological, geophysical and geochemical datasets and an IP geophysical study to supplement and upgrade existing data was also conducted.

Hasaga

A total of 2,974 metres of drilling was completed at Hasaga during the fourth quarter, bringing the year to date total to 48,197

metres. In addition to drilling, a program of bulldozer stripping, mapping and channel sampling continued through the quarter.

An initial mineral resource estimate (see Table 2 below) was released in January of 2017.

Table 2 – Resource Estimate, Hasaga Property

Property Deposit Participating Interest	Cut-off Category	Resource Category	Tonnes (Mt)	Gold Grade (g/t Au)	Gold Ounces (000's)
Red Lake District Hasaga 100%	Open Pit	Measured (M)	-		
		Indicated (I)	42.29	0.83	-
		Subtotal M & I	42.29	0.83	1,124
		Inferred	25.14	0.78	1,124
					631

*see Technical Report dated December 30, 2016 and press release dated February 24, 2017

Goldbanks

Two holes were drilled for a total of 1,306 metres on the Goldbanks property during the fourth quarter and for the year. Both drill holes will be used to build a geological interpretation and model in advance of testing for high grade structures related to historical drill holes. Assay results included narrow high grade silver in one drill hole.

Alto Cristina

Three holes were drilled for a total of 450 metres on the Alto Cristina property during the fourth quarter and for the year. These holes at 90 meter horizontal spacing were drilled to test the continuity of historical high grade intercepts in the Alto and Bajo vein structures. All drill holes hit the target horizons and ongoing drilling will continue to assess prospective vein zones on the property.

CEO Commentary

Ewan Downie, President and CEO stated, "A well-executed ramp-up at the Arturo JV with Barrick delivered higher than budgeted mine grades and lower costs. This, combined with excellent performance delivered by the operating team at Mercedes, has resulted in an impressive first year of production and financial performance for Premier. 2017 will see increased annual production and the continued advancement of several new development initiatives".

2017 Guidance

The Company is currently targeting between an aggregate of 125,000 and 135,000 ounces of gold production for 2017 from its operations at South Arturo and the recently acquired Mercedes Mine in Sonora, Mexico.

The Mercedes Mine is also expected to produce 325,000 to 350,000 ounces of silver during 2017.

Production estimates for 2017 are derived from life of mine operating plans prepared on the basis of mineral reserves associated with each property. Assumptions underlying 2017 gold production estimates for South Arturo and Mercedes are presented in the table below.

USD, unless otherwise noted	Guidance 2017			
Mine	Gold Production ounces	Realized Gold Price per ounce (i)	Cash Cost per ounce (i)	AISC per ounce (i)
South Arturo	40,000 - 45,000	\$1,250	\$440 - \$470	\$450 - \$480
Mercedes	85,000 - 90,000	\$1,250	\$680 - \$710	\$810 - \$840
Consolidated	125,000 - 135,000	\$1,250	\$580 - \$610	\$660 - \$690

Premier Gold Mines 2016 Fourth Quarter and Full-Year Results - Conference Call

The Company will host the 2016 Fourth Quarter and Full-Year results conference call and webcast Friday, March 24, 2017 at 10:00 am EDT.

Q4 and Full-Year 2016 Results Conference Call Information

Toll Free (North America): 1-888-231-8191
International: 1-647-427-7450
Conference ID: 79074602

Webcast Link

<http://event.on24.com/r.htm?e=1376635&s=1&k=C5DB7DE53A0CCFF952BCBFC8ACCCFE79>

The webcast replay will be available 1:00pm EDT on March 24, 2017 until 11:59 pm EST on March 31, 2016.

Conference Call Replay

Toll Free Replay Call (North America): 1-855-859-2056
International Replay Call: 1-416-849-0833
Passcode: 79074602

The conference call replay will be available from 1:00pm EDT on March 24, 2017 until 11:59 pm EST on March 31, 2016.

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

Premier Gold Mines Limited 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.

Non-IFRS Measures

The Company has included certain terms or performance measures commonly used in the mining industry that are not defined under International Financial Reporting Standards ("IFRS") in this document. These include: earnings before interest, tax, depreciation, amortization (EBITDA), cash cost per ounce sold, all in sustaining cost ("AISC") per ounce sold 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's Discussion and Analysis under the heading "Non-IFRS Measures" for a more detailed discussion of how such measures are calculated.

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 regarding the Company's achievement of the full-year projections for ounce production, production costs, ASIC costs per ounce, cash cost per ounce and realized gold price per ounce, the Company's ability to meet annual operations estimates, and 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.

SOURCE [Premier Gold Mines Ltd.](#)

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