

Premier Gold Mine and Barrick Gold Sign Comprehensive Nevada-focused Agreement

10.01.2018 | [CNW](#)

Includes Toll-milling and Exploration Earn-in Options for Each at McCoy-Cove and Rye Projects

THUNDER BAY, ON, Jan. 10, 2018 /CNW/ - [Premier Gold Mines Ltd.](#) ("Premier" or "The Company") (TSX:PG) is pleased to announce that the Company has entered into a Nevada-focused exploration and development agreement with [Barrick Gold Corp.](#), through several wholly-owned subsidiaries ("Barrick"), that includes the following:

- Barrick will have an option to earn a 60% interest in the exploration portion of Premier's McCoy-Cove Property (the "Joint Venture Property") by spending US\$22.5 Million in exploration before June 30, 2022 (See Figure 1).
- Premier will retain 100% ownership over the Cove Deposit portion of the McCoy-Cove Property that includes the high-grade Helen, 2201 and CSD/CSD Gap Deposits.
- Premier will secure a one-time bulk sample processing arrangement for the planned test-mining program at its 100%-owned portion of the McCoy-Cove Property.
- Premier will have an option to acquire a 100% interest in Barrick's Rye Vein Property ("Rye"), subject to a back-in right by Barrick, by spending US\$3.0 Million in exploration before December 31, 2019. The Rye Property adjoins Premier's Goldbanks Property option.

"Consistent with Premier's strategy to secure accretive partnerships, this arrangement will broaden our already positive working relationship with Barrick in Nevada and provides certainty in processing a one-time bulk sample of underground ore from the upcoming development and test-mining program of the Cove deposit," stated Ewan Downie, President and CEO of Premier on the Company's C-Suite Blog (<http://www.premiergoldmines.com/news/c-suite-blog>). "The agreement with Barrick will expand and accelerate the regional exploration at McCoy-Cove while Premier retains full ownership of the core deposit. Our option to earn a 100% interest in the Rye Project, provides exposure to one of the highest potential epithermal vein projects in a world-class mining jurisdiction."

McCoy-Cove Exploration Earn-In and Option

Under the terms of the agreement, Barrick will hold an option to earn a 60% interest in the Joint Venture Property subject to the following:

- A firm commitment to spend US\$6.0 Million in exploration prior to June 30, 2019 with Premier as Operator at the direction of a Steering Committee, following which Barrick will have the option to become the Operator
- An additional required spend of US\$16.5 Million in exploration on the Property prior to June 30, 2022 with Barrick as Operator
- Following completion of Barrick's 60% earn-in, funding for the Joint Venture Property will be on a proportionate basis. Barrick will hold a right of first refusal over the "Cove Deposit" until the earliest of 5.5 years or one year following the completion of the earn-in on the Joint Venture Property
- The Joint Venture Property will exclude the "Cove Deposit" portion of the McCoy-Cove Property which will be retained solely by Premier (see Figure 1)

Premier will retain the right to use the Joint Venture Property for milling, tailings and other ancillary facilities related to the retained property, subject to the priority of the Joint Venture Property requirements once Barrick completes its Earn-in obligation, but in each case subject to a reasonable site plan that is mutually approved by the Joint Venture Property and Premier Gold.

Exploration on the Joint Venture Property is expected to begin early in 2018 and will include detailed surface mapping and sampling followed by drilling to test several prospective targets.

Bulk Sample Toll Milling Processing Agreement

Barrick will process, at a pre-arranged price, up to 120,000 tons of refractory ore (at a campaign or blended basis at Barrick's option). Efforts will be made to ensure the most efficient and economical return.

The processing agreement will provide certainty for Premier to proceed with its planned underground development program that will include the construction of a ramp for definition drilling and potential test-mining prior to completing a full feasibility study. Premier anticipates that underground development will commence in H1-2018.

In addition, the parties will work cooperatively to conclude a long-term processing arrangement for ore delivered to Barrick's processing facility from production arising from the Cove Deposit and the production from any joint venture formed pursuant to the Earn-in and Option Agreement.

Rye Vein Property

Premier has the right to acquire a 100% interest in Barrick's Rye Vein Property ("Rye") subject to the following terms:

- Premier will perform a minimum of US\$3.0 Million in expenditures on Rye before December 31, 2019
- Barrick will retain a 1.0% Net Smelter Return Royalty ("NSR") on Rye where there is no existing royalty
- Barrick will retain a back-in right to purchase a 51% interest in Rye in return for a cash payment to Premier equal to three times Premier's cumulative work expenditures within 90 days following Premier announcing a reserve and/or resource of 2.5 million ounces of gold or gold equivalent or greater (the "Threshold Resource"). In the event Barrick exercises its back-in right, Barrick's NSR shall be terminated
- In the event that Premier elects to bring the project to production prior to meeting the Threshold Resource, Premier will pay to Barrick lump sum cash payments as follows:
 - Upon commencement of commercial production, US\$10 per ounce for reserve ounces based on the most current NI 43-101 report available, subject to a maximum of US\$10 Million
 - Upon production of 1.0 million ounces of gold or gold equivalent, an additional payment of US\$10 Million
 - Upon production of 1.5 million ounces of gold or gold equivalent, an additional payment of US\$5 Million
 - Upon production of 2.0 million ounces of gold or gold equivalent, an additional payment of US\$5 Million

Rye is located in the East Range, approximately 50 kilometres south of Winnemucca, Pershing County, Nevada. Rye is a gold-bearing, low-sulfidation epithermal vein system with the potential to host "bonanza-grade" gold mineralization.

Numerous low-sulfidation epithermal veins are present in the area, including on the adjoining Goldbanks Property where Premier currently holds an option to acquire a 50% interest from [Kinross Gold Corp.](#) The Rye vein is the largest known vein of this type in the district having been traced on surface over a strike length of more than 2.5 kilometres with mapped widths of up to 30 metres (100 feet). Previous shallow drilling having returned numerous significant intercepts with gold grades of up to 139.2 g/t or 4.06 ounces per ton. Figure 2 represents a section displaying previous holes drilled to test the Rye vein system and the potential at depth. Premier expects to begin exploration at Rye in Q1-2018.

"The Rye Vein Property augments Premier's asset portfolio with a potentially high reward opportunity," stated Charlie Ronkos, Executive Vice-President of Premier.

Schendel/Nevada Sunrise Properties

Premier has signed agreements to acquire properties from Kurt Schendel and Nevada Sunrise adjoining the Goldbanks and Rye properties. These acquisitions complete the consolidation of the core part of a district that hosts one of the most extensive epithermal vein systems in North America. Both the Schendel and

