

Premier Gold Mines Reports 2018 First Quarter Results

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Cash & cash equivalent balance of USD\$98.4 million

Effective January 1, 2018, the Company has changed its presentation currency to U.S. dollars. This change is applied to restate comparative financial statements. Unless otherwise stated, all amounts discussed herein are denominated in

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THUNDER BAY, ON, May 8, 2018 /CNW/ - [Premier Gold Mines Ltd.](#) (TSX: PG) ("Premier", "the Company") is pleased to announce its operating results for the three months ended March 31, 2018. The Company previously released its production results for the first quarter in its news release dated April 17, 2018.

Premier 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. Cash flows generated from operations are being used to aggressively advance several projects within the Company's portfolio including two new mine operations to be built in 2018.

2018 First Quarter Highlights

- Consolidated production of 30,550 ozs Au and 59,826 ozs Ag
- Sales of 29,275 ozs Au at an average realized price⁽¹⁾ of \$1,300/oz
- Cash costs⁽¹⁾ of \$705/oz Au sold
- All-in-sustaining costs ("AISC")⁽¹⁾ of \$824/oz Au sold
- Revenue of \$39.2 million
- Operating income of \$9.6 million
- Net loss of \$2.0 million
- Cash balance of \$98.4 million and inventory of 8,591 ozs Au and 30,805 ozs Ag
- Released updated mineral reserve and resource estimates for the South Arturo and Mercedes Mine Properties

2018 Financial Highlights – For the three months ended March 31, 2018 and 2017

The Company produced a total of 30,550 ounces of gold and 59,826 ounces of silver during Q1 2018 compared to 50,900 ounces of gold and 98,382 ounces of silver during Q1 2017.

Co-product cash costs⁽¹⁾ were \$705 and AISC⁽¹⁾ were \$824 per ounce of gold sold. Co-product cash costs⁽¹⁾ were \$113 and AISC⁽¹⁾ were \$13 per ounce of silver sold.

The Company reported \$39.2 million in revenue and income from mining operations of \$9.6 million during Q1 2018. The decrease in revenue and operating income when compared to Q1 2017 is primarily a result of decreased production from South Arturo as mining of the Phase 2 pit was completed in 2017. Programs to support the Company's longer-term objective of increasing production over the next three to five years resulted in \$6.5 million in exploration expense, that when factored with the net mine operating income during the period contributed to a net loss of \$2.0 million. Total capital spending was \$5.3 million.

The Company carried a cash balance of \$98.4 million and inventory of 8,591 ounces of gold and 30,805 ounces of silver at the end of the quarter.

Table 1: Selected Operational and Financial Information

	Three months ended	
	March 31	
(in millions of U.S. dollars, unless otherwise stated) ^(iv)	2018	2017
Ore milled	tonnes 313,850	320,843
Gold produced	ounces 30,550	50,979
Silver produced	ounces 59,826	98,382
Gold sold	ounces 29,275	51,594
Silver sold	ounces 66,210	73,834
Realized Price (2017 as restated) ⁽ⁱⁱⁱ⁾		
Average realized gold price ^(i,ii)	\$/ounce 1,300	1,230
Average realized silver price ^(i,ii)	\$/ounce 17	17
Non-IFRS Performance Measures		
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce 705	385
Co-product all in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce 824	432
Co-product cash costs per ounce of silver sold ^(i,ii)	\$/ounce 11	7
Co-product all in sustaining costs per ounce of silver sold ^(i,ii)	\$/ounce 13	8
By-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce 691	371
By-product all in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce 816	420
Financial Measures (2017 as restated) ⁽ⁱⁱⁱ⁾		
Gold revenue	m \$ 37.9	63.3
Silver revenue	m \$ 1.2	1.3
Net revenue	m \$ 39.2	64.5
Mine operating income	m \$ 9.6	21.5
Net income (loss)	m \$ (2.0)	5.1
Earnings (loss) per share	/share (0.01)	0.02
EBITDA ^(i,ii)	m \$ 9.4	33.7
Cash & cash equivalents balance	m \$ 98.4	110.7
Cash flow from operations	m \$ 0.4	29.6
Free cash flow ^(i,ii)	m \$ (5.0)	25.1
Exploration expenditures	m \$ 6.5	7.0
Capital expenditures - sustaining ^(i,ii)		

m \$

Capital expenditures - expansionary ^(i,ii)	m \$	3.5	2.6
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- (i) A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of the Q1-2018 Management 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 the Q1-2018 Management Discussion and Analysis.
- (iii) 2017 restated for the presentation currency change as discussed in the "Critical Accounting Judgement and Estimates, Policies and Changes" section of Q1-2018 Management Discussion and Analysis.
- (iv) May not add due to rounding.

South Arturo

The South Arturo Mine in Nevada, a joint venture operated by [Barrick Gold Corp.](#) ("Barrick"), delivered exceptional results during the quarter. Processing of stockpiled ore from the Phase 2 open pit during the first quarter exceeded full-year gold production guidance with a total of 15,541 ounces delivered to Premier.

Two new mining operations are being constructed at South Arturo in 2018; the Phase 1 open pit and the El Nino underground mine.

First quarter operating results for South Arturo are provided in Table 2.

Table 2: South Arturo Financial and Operating Results

	Three months ended	
	March 31	
(in millions of U.S. dollars, unless otherwise stated) ^(v)	2018	2017
Ore & Metals		
Ore milled	Tonnes 145,536	154,053
Gold produced	Ounces 15,541	28,815
Gold sold	Ounces 12,095	34,700
Silver produced	Ounces 2,456	9,810
Average gold grade	grams/t 3.95	6.55
Average gold recovery rate	% 84.1	88.8
Realized Price (2017 as restated) ^(iv)		
Average realized gold price ^(i,ii)	\$/ounce 1,317	1,242
Non-IFRS Performance Measures		
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce 398	244
Co-product all in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce 439	261
By-product cash costs per ounce of gold sold ^(i,ii,iii)	\$/ounce 398	244
By-product all in sustaining costs per ounce of gold sold ^(i,ii,iii)	\$/ounce 439	261
Financial Measures (2017 as restated) ^(iv)		
Gold revenue	m \$ 15.9	43.1
Mine operating income	m \$ 7.2	15.8
Exploration expenditures	m \$ 0.1	-
Capital expenditures - sustaining ^(i,ii)	m \$ -	0.1
Capital expenditures - expansionary ^(i,ii)	m \$ 0.5	-

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Cash costs⁽¹⁾ for Q1 2018 were \$398 and AISC⁽¹⁾ were \$439 per ounce of gold sold.

Capital expenditures of \$0.5 million were incurred for machinery and equipment, and development work continued on the Phase 1 open pit and El Nino underground deposits. Construction of the Phase 1 pit is expected during the second quarter and El Nino in H2-2018.

During the quarter, the Company released an updated mineral reserve and resource estimate which supported organic growth through successful exploration and technical de-risking of the Phase 1 and Phase 3 open pit projects as well as the El Nino underground project. Highlights of this statement included a 333% increase in Proven and Probable mineral reserves to 2.6 million tonnes grading 3.18 g/t Au containing 269,800 oz Au⁽³⁾. Mineral Resources include Measured and Indicated Resources of 7.6 million tonnes grading 1.18 g/t Au containing 286,200 ozs Au. Inferred Resources totaled 0.58 million tonnes grading 1.66 g/t Au containing 30,900 ozs Au⁽³⁾.

Drilling in 2018 will continue to focus on near-pit delineation, underground expansion, and testing additional prospective target areas.

Mercedes

The Mercedes Mine is located 150 kilometres north-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 utilizing underground modified overhand cut-and-fill and narrow-vein longitudinal longhole mining methods at an ore extraction rate of approximately 2,000 tonnes per day.

First quarter operating results for the Mercedes Mine are provided in Table 3.

Table 3: Mercedes Financial and Operating Results

		Three months ended March 31	
(in millions of U.S. dollars, unless otherwise stated) ^(iv)		2018	2017
Ore milled	tonnes	168,314	166,790
Gold produced	ounces	15,009	22,164
Silver produced	ounces	57,370	88,572
Gold sold	ounces	17,180	16,894
Silver sold	ounces	66,210	73,834
Average gold grade	grams/t	2.91	4.34
Average silver grade	grams/t	31.78	43.90
Average gold recovery rate	%	95.2	95.4
Average silver recovery rate	%	33.4	37.3
Realized Price (2017 as restated) ⁽ⁱⁱⁱ⁾			
Average realized gold price ^(i,ii)	\$/ounce	1,287	1,204
Average realized silver price ^(i,ii)	\$/ounce	17	17
Non-IFRS Performance Measures			
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	921	675
Co-product all in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	1,096	785
Co-product cash costs per ounce of silver sold ^(i,ii)	\$/ounce	11	7
Co-product all in sustaining costs per ounce of silver sold ^(i,ii)	\$/ounce	13	8
By-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	897	632
By-product all in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	1,081	746
Financial Measures (2017 as restated) ⁽ⁱⁱⁱ⁾			
Gold revenue	m \$	22.0	20.2
Silver revenue	m \$	1.2	1.3
Total revenue	m \$	23.2	21.5
Mine operating income	m \$	2.4	5.7
Exploration expenditures	m \$	0.6	0.3
Capital expenditures - sustaining ^(i,ii)	m \$	1.8	1.8
Capital expenditures - expansionary ^(i,ii)	m \$	2.6	1.8

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Mercedes production for Q1 2018 was 15,009 ounces of gold and 57,370 ounces of silver. Co-product cash costs⁽¹⁾ were \$921 and AISC⁽¹⁾ were \$1,096 per ounce of gold sold. The cost increase from that reported for Q1 2017 relates primarily to differences in orebody geometries identified during development at Diluvio and Rey de Oro that led to additional delineation drilling and required adjustments to stope designs. This resulted in lower mined grades from the processing of development ore and less than planned stope ore available during the period. As a result, production continues to be weighted to the second half of 2018.

During the quarter, the Company released updated mineral reserves and mineral resources which highlighted a small increase in mineral reserves to 3.29 million tonnes grading 3.94 g/t containing 417,000 ozs Au net of depletion from June 30, 2016. A 34% increase in measured and indicated mineral resources was realized including 3.68 million tonnes grading 4.32 g/t containing 511,000 ozs Au and an increase in inferred mineral resources by 23% to 1.63 million tonnes at 4.2 g/t containing 222,000 ozs Au⁽⁴⁾.

Mining initiatives to improve grade include increased use of split-blasting in ore headings, targeted applications of jackleg mining, and optimization of ground support systems. These initiatives will capitalize on production opportunities in narrow vein zones and improve advance rates in more difficult rock conditions.

The 2018 exploration program will focus on adding and converting mineral resources to reserves close to

existing workings, supporting mine production, delineating extensions of the main mine trend and testing new geological targets.

During the first quarter, five drill rigs completed 11,501 metres in 72 holes. Drilling at Brecha Hill, Casa Blanca, and Corona de Oro yielded the best results and indicate the potential for additional resources and reserves. Exploration activity in the quarter included additional testing of the Aida vein zone that is located proximal to the main mine workings as well as initial drilling at "Olvidada", a recently identified near-mine exploration target.

Capital expenditures of \$4.4 million were incurred for mine development in support of expanded mining operations and increased production.

Cove and McCoy-Cove

A total of 2,745 metres of drilling in four holes was completed on the Cove property during the first quarter and was focused on defining resources in the Helen and Gap zones.

The Company is in the final stages of completing a Preliminary Economic Assessment ("PEA") that is expected to be released at the Company's upcoming Investor Day. Preliminary engineering, and dewatering and baseline studies have been initiated to advance an underground exploration program planned in the second half of 2018..

On January 10, 2018 Premier signed an agreement that provides Barrick with an option to earn up to a 60% interest in the McCoy-Cove Property that surrounds the main deposit area. Exploration on the Joint Venture Property began in April and will include detailed geophysics, surface mapping and soil sampling prior to drill testing several prospective targets.

Greenstone Gold Mines

Environmental, community and aboriginal engagement activities continued during the quarter at Hardrock. Recent submissions include the Hardrock Project Environmental Impact Statement/ Environmental Assessment ("EIS/EA") to the Canadian Environmental Assessment Agency ("CEAA") and the Ministry of the Environment and Climate Change ("MOECC") in July 2017. Progress also continues with the optimization of the previously released Feasibility Study (see November 16, 2016 press release) in order to further de-risk the project. A total of \$3.4 million was spent by Greenstone Gold during the first quarter (\$2.6 million in 2017). All project expenditures will continue to be funded 100% by our joint venture partner [Centerra Gold Inc.](#) until the remaining development commitment of \$87.4 million (C\$112.7 million) has been drawn down.

Hasaga

A total of 7,442 metres of drilling was completed at Hasaga during the first quarter of 2018. The drilling continues to infill and expand mineralization within the C-Zone and to further test the D-Zone and Buffalo target areas. Completion of a mineral resource estimate for the mineralization located down-plunge of the historic Hasaga gold mine is envisioned upon completion of the current drill program.

CEO Commentary

"With strong consolidated production realized from Premier's mining operations during the first quarter, we expect to meet or beat consolidated annual gold production guidance in 2018" stated Ewan Downie, President and CEO of Premier. "Our continued strong cash position will fund the near-term development of three additional deposits from within our project portfolio, including the construction of two new mining operations at the South Arturo JV in Nevada".

2018 Guidance

The Company expects to meet or exceed consolidated production guidance for 2018 of 85,000 to 95,000 ounces of gold, cash operating costs⁽¹⁾ of \$690/oz to \$740/oz Au and AISC⁽¹⁾ of \$800/oz to \$850/oz Au.

Table 4: 2018 production and cost guidance

Mine	Guidance 2018		
	Production ounces	Cash Cost per ounce ⁽¹⁾	All in Sustaining Cost per ounce ⁽¹⁾
South Arturo	5,000 - 10,000	\$600 - \$650	\$620 - \$670
Mercedes	80,000 - 85,000	\$700 - \$750	\$820 - \$870
Consolidated	85,000 - 95,000	\$690 - \$740	\$800 - \$850

Mercedes mine is forecasting 300,000 - 325,000 oz silver for 2018.

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

Premier Gold Mines First Quarter Results - Conference Call

The Company will host the First Quarter 2018 financial results conference call and webcast, May 9, 2018 at 10:00 am EDT.

Q1 2018 Results Conference Call Information

Toll Free (North America): 1-888-231-8191
 International: 1-647-427-7450
 Conference ID: 6857329

Webcast Link

<https://event.on24.com/wcc/r/1658620/590669E23AFEBBECB7A109DD42FFAF70>

Conference Call Replay

The conference call replay will be available from 1:00pm EDT on May 9, 2018 until 11:59 pm EDT on May 16, 2018.

Toll Free Replay Call (North America): 1-855-859-2056
 International Replay Call: 1-416-849-0833
 Passcode: 6857329

Investor Day – May 15, 2018

Premier would like to cordially invite all analysts, investors and interested people to an investor day to highlight exploration and development initiatives completed by the Company to date and discuss plans for the remainder of the year. The meeting will be held Tuesday May 15, 2018 at 10:00am EDT at the Toronto Board of Trade, 1 First Canadian Place. For those that cannot attend in person a webcast and conference call dial-in are available.

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

Toll Free (North America): 1-888-231-8191
International: 1-647-427-7450
Conference ID: 4262118

Investor Day Webcast Link

<https://event.on24.com/wcc/r/1658624/8401841F6E9EA071503AA06A24BE1B5D>

Investor Day Conference Call Replay

The conference call replay will be available from 3:00pm EDT on May 15, 2018 until 11:59 pm EDT on May 22, 2018.

Toll Free Replay Call (North America): 1-855-859-2056
International Replay Call: 1-416-849-0833
Passcode: 4262118

Notes

1. A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of the Q1 Management Discussion and Analysis.
2. Accounting policy change is discussed in Note 2(c) to the Q1 2018 unaudited condensed consolidated interim financial statements of the Company.
3. See Technical Report on the South Arturo Mine, Elko County, State of Nevada, U.S.A. dated March 26, 2018.
4. See Press Release dated March 26, 2018

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"), free cash flow, capital expenditures (growth), 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.

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/silver 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 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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