

Premier Gold Mines Reports 2018 Second Quarter Results

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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 U.S. dollars.

(2)

THUNDER BAY, Aug. 7, 2018 - [Premier Gold Mines Ltd.](#) (TSX: PG) ("Premier", "the Company") is pleased to announce its operating results for the three months ended June 30, 2018. The Company previously released its production results for the second quarter in its news release dated July 12, 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. Premier's team is focused on creating a low-cost, mid-tier gold-producer from its two producing gold mines and two advanced-stage, multi-million dollar development projects.

2018 Second Quarter Highlights

- Consolidated production of 16,007 ounces of gold and 51,746 ounces of silver
- Sales of 20,642 ounces of gold at an average realized price¹ of \$1,283 per ounce
- Cash costs¹ of \$963 per ounce of gold sold
- AISC¹ of \$1,088 per ounce of gold sold
- Revenue of \$27.5 million
- Operating loss of \$1.2 million
- Net loss of \$7.7 million
- Debt repayment of \$20.0 million
- Cash balance of \$67.8 million
- Inventory of 3,956 ounces of gold and 17,073 ounces of silver

2018 Financial Highlights & Three months ended June 30, 2018

The Company produced a total of 16,007 ounces of gold and 51,746 ounces of silver during Q2 2018 compared to 37,600 ounces of gold and 97,007 ounces of silver during Q2 2017.

Co-product cash costs⁽¹⁾ were \$963 and AISC⁽¹⁾ were \$1,088 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 \$27.5 million in revenue compared to \$55.5 million during Q2 2017. The reduction in revenue and operating income when compared to Q2 2017 is primarily a result of decreased production from South Arturo where mining of the deposit was completed in 2017 and the requirement to redesign stopes in new mining zones following changes in geologic interpretation at Mercedes. This redesign at Mercedes resulted in a development intensive first half of the year, with increased costs associated with the project. Production at Mercedes will be weighted toward the second half of 2018 following the completion of stope designs in the Diluvio, Lupita and Rey de Oro deposits.

Numerous programs are underway to support the Company's longer-term growth objective of increased annual production over the next several years. During the quarter, \$6.2 million was invested in exploration expenses that, when factored with the mine operating income during the period, contributed to a net loss of \$7.7 million. Total capital spending was \$6.1 million.

The Company carried a cash balance of \$67.8 million after paying down its debt of \$20 million. The Company held inventory of 3,956 ounces of gold and 17,073 ounces of silver at the end of the quarter.

Consolidated quarter and year-to-date operating results are provided in Table 1 below.

Table 1: Selected Consolidated Operational and Financial Information

	Three months ended		Six months ended	
	June 30	June 30	June 30	June 30
(in millions of U.S. dollars, unless otherwise stated) ^(iv)	2018	2017	2018	2017
Ore milled	tonnes 177,821	290,349	491,671	611,192
Gold produced	ounces 16,007	37,617	46,556	88,596
Silver produced	ounces 51,746	97,007	111,572	195,388
Gold sold	ounces 20,642	43,212	49,916	94,806
Silver sold	ounces 58,098	97,356	124,308	171,190
Realized Price (2017 as restated) ⁽ⁱⁱⁱ⁾				
Average realized gold price ^(i,ii)	\$/ounce 1,283	1,251	1,293	1,239
Average realized silver price ^(i,ii)	\$/ounce 16	17	17	17
Non-IFRS Performance Measures				
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce 963	481	811	427
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce 1,088	607	934	511
Co-product cash costs per ounce of silver sold ^(i,ii)	\$/ounce 12	10	11	9
Co-product all-in sustaining costs per ounce of silver sold ^(i,ii)	\$/ounce 13	12	13	10
By-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce 949	465	798	412
By-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce 1,079	596	924	498
Financial Measures (2017 as restated) ⁽ⁱⁱⁱ⁾				
Gold revenue	m \$ 26.4	53.9	64.4	117.2
Silver revenue	m \$ 1.1	1.6	2.3	2.9
Total revenue	m \$ 27.5	55.5	66.6	120.1
Mine operating income / (loss)	m \$ (1.2)	21.5	8.4	43.0
Net income / (loss)	m \$ (7.7)	12.5	(9.7)	17.6
Earnings / (loss) per share	/share (0.04)	0.06	(0.05)	0.09
EBITDA ^(i,ii)	m \$ 0.4	24.9	9.8	58.6
Cash & cash equivalents balance	m \$ 67.8	121.0	67.8	121.0
Cash flow from operations	m \$ (0.7)	11.8	(0.4)	41.4
Free cash flow ^(i,ii)	m \$ (6.8)	7.4	(11.7)	32.5
Exploration expenditures	m \$ 6.2	8.0	12.6	14.9

Capital expenditures - sustaining ^(i,ii)	m \$	1.8	2.3	3.6	4.2
Capital expenditures - expansionary ^(i,ii)	m \$	4.3	2.6	7.8	4.4

- (i) A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of the Q2 2018 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 the Q2 2018 Management's Discussion and Analysis.
- (iii) 2017 restated for the presentation currency change as discussed in the "Critical Accounting Judgements and Estimates, Policies and Changes" section of the Q2 2018 Management's 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"), continued to deliver exceptional results during the quarter. Processing of stockpiled ore from the Phase 2 open pit during the second quarter has contributed to gold production that has exceeded full-year gold guidance with a total of 17,767 ounces delivered to Premier in the first half of the year. Accordingly, the Company recently updated its production guidance from 5,000-10,000 to 15,000-20,000 ounces of gold.

The construction of two new mining operations at South Arturo has commenced with stripping of the Phase 1 open pit started during the quarter and commissioning of the El Nino underground mine now underway.

Quarter and year-to-date operating results are provided in Table 2 below.

Table 2: South Arturo Selected Financial and Operating Results

	Three months ended		Six months ended		
	June 30		June 30		
(in millions of U.S. dollars, unless otherwise stated) ^(v)	2018	2017	2018	2017	
Ore & Metals					
Ore milled	tonnes	23,379	112,466	168,915	266,519
Gold produced	ounces	2,227	15,724	17,767	44,539
Gold sold	ounces	5,969	16,833	18,064	51,533
Silver produced	ounces	7,380	7,533	9,836	17,343
Average gold grade	grams/t	3.58	5.01	3.90	5.90
Average gold recovery rate	%	82.8	86.7	83.9	88.1
Realized Price (2017 as restated) ^(iv)					
Average realized gold price ^(i,ii)	\$/ounce	1,318	1,253	1,318	1,246
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	475	332	424	272
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	506	451	461	322
By-product cash costs per ounce of gold sold ^(i,ii,iii)	\$/ounce	475	332	424	272
By-product all-in sustaining costs per ounce of gold sold ^(i,ii,iii)	\$/ounce	506	451	461	322
Financial Measures (2017 as restated) ^(iv)					
Gold revenue	m \$	7.9	21.1	23.8	64.2
Mine operating income	m \$	3.5	7.6	10.7	23.4
Exploration expenditures	m \$	0.6	0.1	0.7	0.1
Capital expenditures - sustaining ^(i,ii)	m \$	0.0	-	-	0.1
Capital expenditures - expansionary ^(i,ii)	m \$	1.6	-	2.0	-

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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 the Q2 2018 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) 2017 restated for the presentation currency change as discussed in the "Critical Accounting Judgements and Estimates, Policies and Changes" section of the Q2 2018 Management's Discussion and Analysis.

(v) May not add due to rounding.

Q2 2018 production of 2,227 ounces of gold was lower when compared to 15,724 ounces in Q2 2017. Lower production output at South Arturo was expected. Production has transitioned from the completed Phase 2 open pit to processing of lower grade stockpiled ore during the planning and development of the El Nino underground extension and the Phase 1 open pit mining phase. Cash costs⁽¹⁾ for Q2 2018 were \$475 and AISC⁽¹⁾ were \$506 per ounce of gold sold.

Capital expenditures of \$1.6 million were incurred for machinery and equipment, and stripping of the Phase 1 pit.

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.

Quarter and year-to-date operating results are provided in Table 3 below.

Table 3: Mercedes Selected Financial and Operating Results

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
(in millions of U.S. dollars, unless otherwise stated) ^(iv)				
Ore milled	tonnes 154,442	177,883	322,756	344,673
Gold produced	ounces 13,780	21,893	28,789	44,057
Silver produced	ounces 44,366	89,474	101,736	178,045
Gold sold	ounces 14,673	26,379	31,853	43,272
Silver sold	ounces 58,098	97,356	124,308	171,190
Average gold grade	grams/t 2.90	4.03	2.91	4.18
Average silver grade	grams/t 23.82	36.47	27.97	40.07
Average gold recovery rate	% 95.8	94.9	95.5	95.2
Average silver recovery rate	% 37.5	43.0	35.1	40.2
Realized Price (2017 as restated) ⁽ⁱⁱⁱ⁾				
Average realized gold price ^(i,ii)	\$/ounce 1,269	1,249	1,279	1,232
Average realized silver price ^(i,ii)	\$/ounce 16	17	17	17
Non-IFRS Performance Measures				
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce 1,161	577	1,031	613
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce 1,325	707	1,201	735
Co-product cash costs per ounce of silver sold ^(i,ii)	\$/ounce 12	10	11	9
Co-product all-in sustaining costs per ounce of silver sold ^(i,ii)	\$/ounce 13	12	13	10
By-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce 1,142	550	1,010	580
By-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce 1,312	688	1,187	709
Financial Measures (2017 as restated) ⁽ⁱⁱⁱ⁾				
Gold revenue	m \$ 18.5	32.8	40.6	53.0
Silver revenue	m \$ 1.1	1.6	2.3	2.9
Total revenue	m \$ 19.6	34.4	42.8	55.9
Mine operating income / (loss)	m \$ (4.7)	13.9	(2.3)	19.6
Exploration expenditures	m \$ 0.0	0.2	0.7	0.5
Capital expenditures - sustaining ^(i,ii)	m \$ 1.8	2.3	3.6	4.1
Capital expenditures - expansionary ^(i,ii)	m \$ 2.6	2.6	5.2	4.4

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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 the Q2 2018 Management's Discussion and Analysis.
- (iii) 2017 restated for the presentation currency change as discussed in the "Critical Accounting Judgements and Estimates, Policies and Changes" section of the Q2 2018 Management's Discussion and Analysis.
- (iv) May not add due to rounding.

Mercedes production for Q2 2018 was 13,780 ounces of gold and 44,366 ounces of silver compared to 21,893 and 89,474 respectively in Q2 2017. Co-product cash costs⁽¹⁾ were \$1,161 and AISC⁽¹⁾ were \$1,325 per ounce of gold sold with production and costs being impacted by differences in the orebody geometries as compared to the original models in the new ore zones at Diluvio and Rey de Oro. This led to additional delineation drilling and required adjustments to stope designs, resulting in lower mined grades from the processing of development ore and less stope ore during the transition period. As a result, planned production levels continue to be weighted to the second half of 2018. The mine has begun to realize benefit from planning adjustments during the first half of 2018 with July posting the highest monthly production output from Mercedes so far this year.

Mining initiatives to improve grade include increased use of split-blasting in ore headings 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.

During the second quarter, 14,165 metres were drilled for a total drilling of 25,666 metres for the year. An average of six drill rigs were on site during the quarter. Drilling continued to target the Diluvio, Rey de Oro and Barrancas veins with encouraging results for replacing reserves. Surface drilling on the Aida vein focused on confirming the continuity of the veining with the goal of converting resources in the vein to reserves.

The 2018 exploration program will follow a similar pattern as the 2017 program with preliminary testing of several targets early in the year and converting resources to reserves later in the year. The focus remains on adding near mine resources and reserves, supporting mine production, extensions of the main mine trend and testing new geological targets.

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 McCoy-Cove "Earn-in" agreement was signed with Barrick Gold in December 2017 to explore the claims surrounding the Cove project. During the quarter, the Earn-in completed 3,129 metres of drilling with a focus on an initial test of two target areas that have little historic drilling straddling the Cove pit. The drilling was split between the Windy Point and Lakeside east extension target areas, both with encouraging results. Exploration on the Joint Venture Property began in April and also included detailed geophysics, surface mapping and soil sampling.

A Preliminary Economic Assessment ("PEA") was completed in the first half of 2018 on the Cove project. Preliminary engineering, dewatering studies and baseline studies have been initiated to advance an underground exploration program planned in the second half of 2018. Dewatering simulations, including a pump test of the proposed underground advanced exploration areas around the Helen Zone were completed during 2017 and further optimization and validation of the dewatering scenario is ongoing. During the quarter, spending focused on pre-development mainly in engineering design changes to the regulatory

agencies, such as the portal and power line locations. Bids for underground development took place during the quarter. The received bids were in line with estimates contained in the Cove PEA. Hydrologic wells placement and evaluation of the optimal portal construction schedule will be a focus during the third and fourth quarters.

Greenstone Gold Mines

The Greenstone Gold Mines Partnership (the "Partnership") continued to progress toward near term environmental, community and aboriginal engagement milestones during the quarter. The Partnership previously submitted its Environmental Impact Statement and 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 with community and aboriginal engagement activities has progressed with a Long Term Relationship Agreement having been signed with Long Lake #58 First Nation in June 2018. Optimization activities continue, including an ongoing Reverse Circulation Drill Program designed to refine the resource and better assess dilution. A total of \$6.2 million was spent by Greenstone Gold during the second quarter (\$2.4 million in 2017). All project expenditures will continue to be funded 100% by joint venture partner [Centerra Gold Inc.](#) until the remaining development commitment of \$81.1 million (C\$103.7 million) has been drawn down.

Hasaga

A total of 10,819 metres of drilling was completed at Hasaga during the second quarter for a total of 18,261 metres year to date. The drilling continues to infill and expand mineralization within the C-Zone and to test and define the D-Zone. An expanded follow-up drilling program is being considered based on excellent assay results on the C and D-Zones and as a result of the better understanding of the structural controls. The 1.6 km gap west of Hasaga zones to the Buffalo zone provides for significant potential for additional new discoveries.

CEO Commentary

"With strong consolidated production realized from Premier's mining operations during the first half of the year, we have fully paid down the Company's debt and expect to meet or beat consolidated annual gold production guidance in 2018" stated Ewan Downie, President and CEO of Premier. "Our 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 that are now underway".

2018 Guidance

Production estimates for 2018 were derived from life of mine operating plans prepared on the basis of mineral reserves associated with each property. As indicated in its July 12, 2018 press release, the Company has revised its full-year consolidated gold production guidance from 85,000 - 95,000 to 90,000 - 100,000 ounces. Accordingly, the following table represents the assumptions and guidance for 2018.

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	15,000 - 20,000	\$600 - \$650	\$620 - \$670
Mercedes	75,000 - 80,000	\$700 - \$750	\$820 - \$870
Consolidated			

90,000 - 100,000

\$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 Second Quarter Results - Conference Call

A conference call with senior management to discuss the financial results for the three months ended June 30, 2018 will be held at 10:00 am EDT, on August 8, 2018.

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

Toll Free (North America): 1-888-390-0605
International: 1-416-764-8609
Conference ID: 56942802

Webcast Link

<https://event.on24.com/wcc/r/1794406/82F06DEFD22FC9455430F56D15914A16>

Conference Call Replay

The conference call replay will be available from 1:00pm EDT on August 8, 2018 until 11:59 pm EST on August 15, 2018.

Toll Free Replay Call (North America): 1-888-390-0541
International Replay Call: 1-416-764-8677
Passcode: 942802#

Notes

1. A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of the Q2 2018 Management Discussion and Analysis.
2. Accounting policy change is discussed in Note 2(c) to the June 30, 2018 unaudited condensed

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 (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.

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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