

Premier Gold Mines Reports 2018 Fourth Quarter and Year End 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, March 6, 2019 - [Premier Gold Mines Ltd.](#) ("Premier" or "The Company") (TSX:PG) is pleased to announce its fourth quarter and year ended December 31, 2018 operating results for the three months and year ended December 31, 2018. The Company previously released its production and operating results for the fourth quarter in a news release dated January 16, 2019.

Premier is a gold-producer and respected exploration and development company with high-quality precious metal projects in proven, accessible and safe mining jurisdictions in Canada, the United States, and Mexico. Premier's team is focused on developing a low-cost, mid-tier gold-producer from its two producing gold mines and two advanced-stage, multi-million ounce development projects.

2018 Fourth Quarter Highlights

- Production of 23,042 ounces of gold and 120,730 ounces of silver
- Cash costs¹ of \$619 per ounce of gold sold, a 28% reduction from Q3 2018
- AISC¹ of \$798 per ounce of gold sold, a 21% reduction from Q3 2018
- Revenue of \$19.9 million
- Mine operating income of \$6.1 million

2018 Year End Highlights

- Production of 89,699 ounces of gold and 321,814 ounces of silver
- Sales of 87,036 ounces of gold at an average realized price¹ of \$1,264 per ounce
- Cash costs¹ of \$788 per ounce of gold sold
- AISC¹ of \$927 per ounce of gold sold
- Revenue of \$113.9 million
- Mine operating income of \$16.5 million
- Net loss of \$20.4 million

CEO Commentary

"The Company's strong financial position has provided us the opportunity to grow our future production through the advancement of our portfolio" stated Ewan Downie, President & CEO. "With two new mines under construction at South Arturo, and production underway at Cove and Hardrock, we expect to see significant increases in our future production profile".

2018 Highlights & Three months and year ended December 31, 2018

A total of 23,042 ounces of gold and 120,730 ounces of silver were produced during Q4 2018 compared to 24,385 ounces of gold and 77,082 ounces of silver during Q4 2017. Co-product cash costs⁽¹⁾ during the period were \$619 per ounce sold, representing a 28% or \$239 per ounce cost reduction over Q3 2018. All-in sustaining costs (AISC)⁽¹⁾ of \$798 per ounce of gold sold were a 21% or \$210 per ounce, as compared to Q3 2018.

The Company reported total revenue of \$19.9 million during the fourth quarter compared to \$30.2 million during Q4 2017. The reduction in revenue and operating income, when compared to Q4 2017, is primarily the result of lower sales from South Arturo as a result of the planned processing of lower grade stockpiles following completion of the mining of the Phase 2 pit in 2017.

A total of 89,699 ounces of gold and 321,814 ounces of silver were produced during 2018 as compared to 139,658 ounces of gold and 357,901 ounces of silver during the prior year. Co-product cash costs in 2018 were \$788 and AISC were \$927 per ounce of gold sold.

The Company reported total revenue of \$113.9 million in 2018 as compared to \$200.3 million in the prior year. The reduction in revenue is the result of lower sales from both South Arturo and Mercedes Mines. A reduction at South Arturo was anticipated as the Company transitioned from Phase 2 production to El Nino underground and Phase 1 open pit development. Production and sales at Mercedes were lower than the prior year due to the requirement to redesign stopes in the Diluvio zone during the first half of 2018 following changes in geologic interpretations and resource modeling. This resulted in lower mined grades from the processing of development ore and less stope ore during this period.

In keeping with its longer-term objective of increased annual production over the next several years, the Company invested \$22.2 million in exploration and pre-development initiatives during 2018 that, when factored with the reduction in mine operating income, contributed to a net loss of \$20.4 million. Total capital spending during the year was \$26.9 million including the construction of two new mining projects that have been initiated at South Arturo.

The Company closed the year with cash and cash equivalents of \$43.9 million, having eliminated its long-term debt of \$20 million in Q2 2018. The Company held inventory of 2,210 ounces of gold and 14,802 ounces of silver at year end.

Consolidated quarter and year end operating results are provided in Table 1 below.

Table 1: Selected Consolidated Operational and Financial Information

		Three months ended December 31		Year ended December 31	
(in millions of U.S. dollars, unless otherwise stated) ^(iv)		2018	2017	2018	2017
Ore milled	tonnes	188,444	227,353	861,058	1,074,426
Gold produced	ounces	23,042	24,385	89,699	139,658
Silver produced	ounces	120,730	77,082	321,814	357,901
Gold sold	ounces	15,653	23,000	87,036	155,727
Silver sold	ounces	90,135	77,096	299,819	338,831
Realized Price (2017 as restated) ⁽ⁱⁱⁱ⁾					
Average realized gold price ^(i,ii)	\$/ounce	1,250	1,265	1,264	1,254
Average realized silver price ^(i,ii)	\$/ounce	15	16	16	17
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	619	665	788	524
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	798	792	927	627
Co-product cash costs per ounce of silver sold ^(i,ii)	\$/ounce	10	10	10	9
Co-product all-in sustaining costs per ounce of silver sold ^(i,ii)	\$/ounce	13	11	13	11

By-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	591	643	771	508
By-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	785	775	917	615
Financial Measures (2017 as restated) ⁽ⁱⁱⁱ⁾					
Gold revenue	m \$	19.4	29.0	109.6	194.6
Silver revenue	m \$	0.5	1.3	4.2	5.7
Total revenue	m \$	19.9	30.2	113.9	200.3
Mine operating income	m \$	6.1	7.2	16.5	64.0
Net income / (loss)	m \$	(8.9)	(3.6)	(20.4)	16.2
Earnings / (loss) per share	/share	(0.04)	(0.02)	(0.10)	0.08
Adjusted earnings / (loss) per share ^(i,ii)	/share	(0.00)	(0.02)	(0.06)	0.08
EBITDA ^(i,ii)	m \$	(5.4)	5.7	9.3	80.4
Adjusted EBITDA ^(i,ii)	m \$	2.9	5.7	17.6	80.4
Cash & cash equivalents balance	m \$	43.9	103.0	43.9	103.0
Cash flow from operations	m \$	(7.5)	(0.1)	(10.7)	64.0
Free cash flow ^(i,ii)	m \$	(14.5)	(5.4)	(37.6)	42.4
Exploration, evaluation & pre-development expense	m \$	4.4	5.7	22.2	26.3
Capital (2017 as restated) ⁽ⁱⁱⁱ⁾					
Total capital expenditures	m \$	7.0	5.1	26.9	21.6
Capital expenditures - sustaining ^(i,ii)	m \$	1.6	1.3	7.0	9.6
Capital expenditures - expansionary ^(i,ii)	m \$	5.4	3.8	19.9	12.0

(i) A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of the 2018 Year End Management's Discussion and Analysis.

(ii) Cash costs, all-in sustaining costs, free cash flow, EBITDA, adjusted EBITDA, adjusted earnings / (loss) per share, 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 2018 Year End 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 2018 Year End Management's Discussion and Analysis. [Barrick Gold Corp. \(Barrick\)](#) and [Agnico Inc.](#) over perform during the quarter. Processing of stockpiled ore from the Phase 2 open pit during the fourth quarter has contributed to gold production that has exceeded full-year gold guidance with a total of 21,276 ounces delivered to Premier for the year.

Construction at two new mining centers at South Arturo has commenced with stripping of the Phase 1 open pit and development 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 December 31		Year ended December 31	
(in millions of U.S. dollars, unless otherwise stated) ^(v)		2018	2017	2018	2017
Ore & Metals					
Ore milled	tonnes	5,286	44,883	195,536	390,881
Gold produced	ounces	577	4,472	20,980	57,124
Gold sold	ounces	1,280	5,882	21,276	70,442
Silver produced	ounces	1,691	-	12,649	19,918
Average gold grade	grams/t	4.14	3.75	3.97	5.22
Average gold recovery rate	%	82.2	82.7	84.1	87.0
Realized Price (2017 as restated) ^(iv)					
Average realized gold price ^(i,ii)	\$/ounce	1,279	1,287	1,305	1,253
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	385	386	419	304
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	678	497	478	351
By-product cash costs per ounce of gold sold ^(i,ii,iii)	\$/ounce	385	386	419	304
By-product all-in sustaining costs per ounce of gold sold ^(i,ii,iii)	\$/ounce	678	497	478	351
Financial Measures (2017 as restated) ^(iv)					
Gold revenue	m \$	1.6	7.6	27.8	88.2
Mine operating income / (loss)	m \$	0.8	(0.4)	12.5	29.7
Exploration, evaluation & pre-development expense	m \$	0.2	0.3	1.3	0.8
Capital (2017 as restated) ^(iv)					
Total capital expenditures	m \$	3.6	0.6	8.4	1.2
Capital expenditures - sustaining ^(i,ii)	m \$	0.0	0.3	0.0	0.4
Capital expenditures - expansionary ^(i,ii)	m \$	3.6	0.3	8.4	0.8

(i) A cautionary note regarding Non-IFRS metrics is included in the "Non IFRS Measures" section of 2018 Year End Management's Discussion and Analysis.

(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 2018 Year End Management's Discussion and Analysis.

(iii) Given the small nature and timing of South Arturo silver output, no silver by-product credits are reported. 2017 silver output has been re-stated

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

(v) May not add due to rounding.

South Arturo produced a total of 577 ounces of gold during the fourth quarter compared to 4,472 ounces during the prior year period. This was expected, as the source of Phase 2 production transitioned to lower grade stockpiled ore. Processing of lower grade Phase 2 ore is expected to continue on a limited basis in 2019 while El Nino underground development and Phase 1 open pit stripping continue. Cash costs⁽¹⁾ for the fourth quarter were \$385 and AISC⁽¹⁾ were \$678 per ounce of gold sold and on a full year basis, cash costs⁽¹⁾ were \$419 and AISC⁽¹⁾ were \$478 per ounce of gold sold.

Capital expenditures of \$3.6 million during the fourth quarter and \$8.4 million for the year were mainly related to stripping for the Phase 1 open pit and underground development at El Nino.

Exploration activity in the fourth quarter and during 2018 focused on analysis of near pit and underground resource expansion drilling that occurred earlier in the year for Phases 1 and 3 and El Nino, respectively. A total of 6,279 meters was drilled in 2018.

Mercedes

The Mercedes Mine is 150 kilometers 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 longhole mining methods at an ore extraction rate targeting 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 Year ended December 31			
		December 31		December 31	
(in millions of U.S. dollars, unless otherwise stated) ^(iv)		2018	2017	2018	2017
Ore milled	tonnes	183,158	182,470	665,522	683,545
Gold produced	ounces	22,465	19,913	68,719	82,534
Silver produced	ounces	119,039	77,082	309,165	337,983
Gold sold	ounces	14,373	17,119	65,760	85,285
Silver sold	ounces	90,135	77,096	299,819	338,831
Average gold grade	grams/t	3.96	3.52	3.34	3.93
Average silver grade	grams/t	44.78	33.95	35.34	37.63
Average gold recovery rate	%	96.3	96.5	96.0	95.6
Average silver recovery rate	%	45.2	38.7	40.9	40.9
Realized Price (2017 as restated) ⁽ⁱⁱⁱ⁾					
Average realized gold price ^(i,ii)	\$/ounce	1,247	1,258	1,251	1,254

Average realized silver price ^(i,ii)	\$/ounce	15	16	16	17
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	639	760	908	706
Co-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	808	894	1,073	854
Co-product cash costs per ounce of silver sold ^(i,ii)	\$/ounce	10	10	10	9
Co-product all-in sustaining costs per ounce of silver sold ^(i,ii)	\$/ounce	13	11	13	11
By-product cash costs per ounce of gold sold ^(i,ii)	\$/ounce	609	731	885	676
By-product all-in sustaining costs per ounce of gold sold ^(i,ii)	\$/ounce	795	871	1,060	832
Financial Measures (2017 as restated) ⁽ⁱⁱⁱ⁾					
Gold revenue	m \$	17.8	21.4	81.9	106.4
Silver revenue	m \$	0.5	1.3	4.2	5.7
Total revenue	m \$	18.2	22.7	86.1	112.1
Mine operating income	m \$	5.3	7.6	4.1	34.3
Exploration, evaluation & pre-development expense	m \$	0.0	0.3	1.3	1.1
Capital (2017 as restated) ⁽ⁱⁱⁱ⁾					
Total capital expenditures	m \$	3.1	3.0	17.4	18.2
Capital expenditures - sustaining ^(i,ii)	m \$	1.6	1.1	7.0	9.2
Capital expenditures - expansionary ^(i,ii)	m \$	1.6	1.9	10.4	9.0

(i) A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of 2018 Year End Management's Discussion and Analysis.

(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 2018 Year End 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 2018 Year End Management's Discussion and Analysis.

Mercedes production for Q4 2018 was 22,465 ounces of gold and 119,039 ounces of silver compared to 19,913 and 77,082 respectively during the prior year period. Co-product cash costs⁽¹⁾ during the period were \$639 and AISC⁽¹⁾ were \$808 per ounce of gold sold. Gold production from Mercedes in Q4 2018 improved over the prior year period due to higher mined grades upon transitioning to the new Rey de Oro and Lupita zones as well as consistent stope production from the Diluvio zone. Full year 2018 production at Mercedes was lower than the prior year due to the requirement to redesign stopes in the Diluvio zone during the first half of 2018 following changes in geologic interpretations and resource modeling. This resulted in lower mined grades from the processing of more development ore and less stope ore during this period. As a result, full year 2018, co-product cash costs and AISC were higher than the prior year.

In addition to consistent production following the transition to new mining zones, initiatives to improve costs have been identified and are being tracked weekly by the site leadership team.

Exploration drilling continued during the fourth quarter with 1,972 meters completed for a total drilling of 40,721 meters for the year. An average of three drill rigs were on site for the quarter. Drilling continued to

target the Diluvio, Marianas and Barrancas veins with a focus on replacing reserves, supporting mine production, testing extensions of the main mine trends and new geological targets.

Capital expenditures of \$3.1 million were incurred during the fourth quarter for mine development in support of operations in new mining zones and increased production, including completion of the construction of a new tailings facility at the mine.

Cove and McCoy-Cove

A Preliminary Economic Assessment ("PEA") was completed in the first half of 2018 on the McCoy-Cove project, including designs for underground exploration development and drilling, preliminary engineering, dewatering, and environmental baseline studies, and a life of mine plan. Underground exploration development is now expected to begin in the fourth quarter of 2019. Dewatering simulations, including a pump test of the proposed underground advanced exploration areas around the Helen Zone were completed during 2018. During the fourth quarter of 2018, spending focused on pre-development, including engineering and permitting to change the portal and power line to safer and more practical locations and changing the design of the waste rock stockpile to improve economics without compromising environmental risks. Well drilling, pump tests, and improving the groundwater model will be completed during the first half of 2019.

A McCoy-Cove "Earn-in" agreement was signed with Barrick Gold in December 2017 to explore the claims surrounding the Cove properties. During the fourth quarter, 1,431 meters were drilled with a total of 9,723 meters for the whole year concentrating on the top two priority target areas of Lakeside and Windy Point with a focus on vectoring towards the most favorable geologic controls. The drilling was split between the Windy point and Lakeside east extension areas, both with encouraging results.

Greenstone Gold Mines

At Greenstone, permitting related work continued on the property with the Environmental Assessment ("EA") for the Hardrock Project (the "Project") being approved on December 13, 2018 by the Honourable Catherine McKenna, Minister of Environment and Climate Change. The Provincial Ministry EA Review Report was issued for public comment on October 22, 2018 and approval is anticipated in 2019. Work on construction permit applications are well advanced and will be submitted for review once the federal EA and provincial EA's are approved. Greenstone also, signed a Long-term Relationship Agreement with the Metis Nation of Ontario in December 2018 that provides for environmental, employment, training, business and contracting opportunities, along with a framework for regulatory permitting. A similar Agreement was signed with Long Lake #58 First Nation in June of 2018.

Expenditures totaled \$4.2 million in the fourth quarter (contributed by Centerra on a 100% basis) for a total of \$17.6 million during 2018, on a range of project activities. Key expenditures include external engineering on public infrastructure programs including tailings management facility, process plant engineering, hydro infrastructure relocation, infrastructure repositioning, support permit applications, legal consultation and operating support to First Nations. As at December 31, 2018 [Centerra Gold Inc.](#) had contributed \$71.5 million towards its commitment to the Greenstone Partnership with \$71.2 million remaining to be contributed.

Hasaga

During the fourth quarter, there was no drilling completed at Hasaga, as the drilling program was finalized in the third quarter and the data is being analyzed to prepare plans for further exploration. For the year, 19,529 meters was drilled at the project. The drilling sought to infill and expand mineralization within the C-Zone and to test and define the D-Zone. A follow-up drilling program is being considered for 2019 based on excellent assay results on the C and D-Zones as 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.

Goldbanks

A total of 1,762 meters was drilled during the fourth quarter for a total of 5,474 meters during 2018. Drilling

during this period focused primarily on the Hawkeye target, located in the northwest portion of the property. In general, results for these shallow open-pit targets were disappointing and do not require additional follow-up.

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

Q4 and year end 2018 financial results and conference call details:

A conference call with senior management to discuss the financial results for the three months and year ended December 31, 2018 will be held at 10:00am EST, Thursday March 7, 2019.

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) 888 390 0605

International: (+1) 416 764 8609

Conference ID: 10218835

Webcast Link: <https://event.on24.com/wcc/r/1918438/329EB9095CAF51273BA2CB0C75E8F404>

Conference Call Replay

The conference call replay will be available from 1:00pm EST on March 7, 2019 until 11:59pm EST on March 14, 2019.

Toll Free Replay Call (North America): (+1) 888 390 0541

International Replay Call: (+1) 416 764 8677

Passcode: 218835#

1. A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of the Year 2018 Management Discussion and Analysis.
2. Accounting policy change is discussed in Note 2(f) to the December 31, 2018 consolidated financial statements of the Company.

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"), adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"), adjusted earnings / (loss) per share, free cash flow, capital expenditures (expansary), 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 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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