

# Premier Gold Mines Announces Overnight Marketed Financing

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THUNDER BAY, Feb. 11, 2020 - [Premier Gold Mines Ltd.](#) ("Premier" or the "Company") (TSX: PG) (OTCPK: PIRGF) is pleased to announce that it has launched a marketed overnight public offering of common shares seeking gross proceeds of approximately \$33 million (the "Offering").

The Company has filed today a preliminary short form prospectus with regulatory authorities in all provinces of Canada, other than Quebec. The Offering will be conducted through a syndicate of underwriters led by CIBC Capital Markets and Sprott Capital Partners LP.

Under the Offering, the Company is seeking to sell 22,000,000 common shares (the "Offered Shares") at a price of \$1.50 per Offered Share. The Company will grant the Underwriters an option to purchase additional Offered Shares on the same terms of the Offering for up to 15% of the common shares sold in the Offering to cover over-allotments, exercisable within 30 days of the date of closing of the Offering. Subject to completion of marketing, the Offering is expected to close on or about February 28, 2020 and is subject to Premier receiving all necessary regulatory approvals, including the approval of the Toronto Stock Exchange. The closing of the Offering is also conditional upon the contemporaneous closing of the Orion Transaction (defined below).

The net proceeds of the Offering are expected to be used by the Company for the development, expansion and working capital requirements of the Mercedes and South Arturo mines and the McCoy-Cove project, and for general corporate and working capital purposes and may also be used to reduce indebtedness under Premier's revolving term credit facility.

The Offered Shares will be offered by way of a short form prospectus in all of the provinces of Canada, except Quebec, and may also be offered by way of private placement in the United States.

## *Proposed Transaction with Orion*

In conjunction with the equity offering, Premier and Orion Mine Finance Fund II LP, a limited partnership managed by Orion Mine Finance Management II Limited (collectively, "Orion") have entered into a non-binding letter of intent in respect of a financing package that includes (i) an amended and restated gold prepay credit agreement (the "Second Amended and Restated Gold Prepay Agreement"), amending and restating the existing amended and restated gold prepay credit agreement dated January 31, 2019 (the "Existing Prepay"), and (ii) an amended and restated offtake agreement (the "Second Amended and Restated Offtake Agreement"), amending and restating the amended and restated offtake agreement dated January 31, 2019 (the "Existing Offtake") (the Second Amended and Restated Gold Prepay Agreement and the Second Amended and Restated Offtake Agreement, collectively the "Orion Transaction").

Under the proposed terms of the Second Amended and Restated Gold Prepay Agreement it is contemplated that Orion will increase the principal amount under the Existing Prepay by US\$15,500,000 (the "Additional Principal Amount"), with Premier being required to deliver at least 2,450 ounces of refined gold to Orion in each quarter of a calendar year until June 30, 2020, and 1,000 ounces of refined gold thereafter (subject to upward and downward adjustments in certain circumstances), until an aggregate of 16,900 ounces of refined gold (inclusive of the ounces remaining under the Existing Prepay) have been delivered to Orion. The threshold gold price per ounce for the downward and upward adjustments to the quarterly gold quantity and the aggregate gold quantity deliverable under the Second Amended and Restated Gold Prepay Agreement will be amended to US\$1,650 per ounce of gold and US\$1,350 per ounce of gold, respectively. The maturity date under the Amended and Restated Gold Prepay Agreement will also be extended to June 30, 2023.

The Additional Principal Amount is expected to be used for the same purposes of the Offering. Premier's

obligations under the Second Amended and Restated Gold Prepay Agreement will continue to be secured by the assets relating to the South Arturo Mine and Mercedes Mine. The Additional Principal Amount will be subject to an original issue discount of US\$155,000.

Under the terms of the Existing Offtake, Premier agreed to sell and Orion agreed to purchase gold produced from Premier's existing mining projects at a set purchase price up to 60,000 ounces of refined gold annually (the "Annual Gold Quantity"). Under the proposed terms of the Second Amended and Restated Offtake, the Annual Gold Quantity would be increased to (i) 80,000 ounces for 2020, (ii) 85,000 ounces for 2021, and (iii) 90,000 ounces annually thereafter, subject to an annual maximum of 50,000 ounces from each of Premier's producing projects. Orion and Premier have also proposed to extend the term of the Amended and Restated Offtake to March 1, 2027.

In addition, in connection with the Orion Transaction, Premier will grant Orion the right to nominate one member to Premier's board of directors so long as Orion owns 10% or more of the outstanding common shares of Premier.

The completion of the Orion Transaction is subject to the negotiation and execution of definitive documentation evidencing the Amended and Restated Gold Prepay Agreement and the Amended and Restated Offtake Agreement, the completion of the Offering for gross proceeds of not less than approximately US\$25,000,000 (including any purchase by Orion under the Offering), and the satisfaction of other customary closing conditions for a transaction of this nature, including the consent of Investec and necessary amendments to the intercreditor agreement between Investec and Orion dated January 31, 2019.

The Offered Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered, sold or delivered, directly or indirectly, within the United States, or to or for the account or benefit of U.S. persons unless the Offered Shares are registered under the Securities Act or pursuant to an applicable exemption from the registration requirements of the Securities Act. This press release does not constitute an offer to sell, nor is it a solicitation of an offer to buy securities, nor shall there be any sale of securities in any state in the United States in which such offer, solicitation or sale would be unlawful.

[Premier Gold Mines Ltd.](#) 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 remains focused on creating a low cost, mid-tier gold producer through its two producing gold mines, South Arturo and Mercedes, and through future mine development opportunities at Hardrock in Ontario (Greenstone Gold JV) and at the McCoy-Cove Project in Nevada.

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, mineral resource and mineral reserve estimates, corporate and technical objectives, the completion of the Offering and the closing date for the Offering. 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 risk that the Offering may not be completed on favourable terms or at all, the risk that Premier may not be able to obtain all necessary regulatory and stock exchange approvals, including the approval of the Toronto Stock Exchange, the risk that Premier may apply the net proceeds of the Offering differently than as stated herein depending on future circumstances, the risk that the Orion Transaction may not be completed at all or on the terms described herein, the risk that Investec may not consent to the Orion Transaction, 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.

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