

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

August 14, 2019

Premier Gold Mines Limited (TSX: PG) – Initiating Coverage – Ramping Up Production at Two Gold Mines

Sector/Industry: Junior Mining

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Market Data (as of August 14, 2019)

| | |
|--------------------|-------------------|
| Current Price | C\$2.26 |
| Fair Value | C\$3.35 |
| Rating* | BUY |
| Risk* | 4 |
| 52 Week Range | C\$1.39 - C\$2.55 |
| Shares O/S | 210,450,482 |
| Market Cap | C\$475.62 mm |
| Current Yield | N/A |
| P/E (2019 forward) | N/A |
| P/B | 1.2x |
| YoY Return | 11.9% |
| YoY TSX | -1.8% |

*see back of report for rating and risk definitions

* All figures in US\$ unless otherwise stated

* Moz: million ounces

* Koz: thousand ounces

* AT - NPV: After Tax - Net Present Value

* AT - IRR: After Tax - Internal Rate of Return



Highlights

- Premier Gold Mines Limited (“Premier”, “company”) is advancing a portfolio of eight projects, including two operating mines, two advanced development stage projects, and four exploration stage projects. **Among the eight projects, one is in Mexico, four are in Nevada, and three are in Ontario.**
- The projects have a combined proved and probable reserves of 3 Moz, an additional measured and indicated resource of 3.5 Moz, and an inferred resource of 3.6 Moz.
- Of the two producing assets, one is the **100% owned Mercedes mine in Sonora, Mexico**, that is expected to produce 75 Koz - 85 Koz in 2019, at a cash cost of \$730 - \$780 per oz gold. The other is the **South Arturo mine in Nevada, which is 40% held by Premier and 60% by operator Barrick Gold (TSX: ABX)**. South Arturo, located just 5 km northwest from Barrick’s largest gold mine (Goldstrike), is expected to resume production this year.
- Premier is also aggressively advancing its two advanced stage assets – the Greenstone Gold Mines property in Ontario (50/50 joint venture between Premier and Centerra Gold / TSX: CG) that has a completed Feasibility Study (“FS”) on the Hardrock open-pit deposit, and the 100% owned Cove project in Nevada where Premier has completed a Preliminary Economic Assessment (“PEA”). Hardrock’s FS showed an After Tax – Net Present Value (“AT-NPV”) at 5% of C\$709 million at \$1,250 per oz gold, and Cove’s PEA showed an AT - NPV at 5% of \$142 million at \$1,250 per oz gold.
- **Based on gold sales of 77 Koz and silver sales of 237,500 oz in 2019, we estimate 2019 revenues to be \$108 million.** Our 2020 revenue forecast is \$122 million, which is based on gold sales of 87.5 Koz and silver sales of 250 Koz.
- Healthy balance sheet with \$26 million in cash at the end of Q2-2019, with a relatively low debt to capital of 10%. As of March 31, 2019, the Greenstone Gold Mines property, and the McCoy-Cove property, had combined required earn-in obligations by Centerra and Barrick of approximately \$82 million.
- **We estimate the company’s shares are trading at \$113 per oz reserves versus the gold producers’ average of \$274 per oz.**
- We are initiating coverage on Premier at BUY with a fair value estimate of C\$3.35 per share.

Risks

- The value of the company is highly dependent on gold prices.
- Ability to ramp up production.
- There is no guarantee that the company will be able to extend South Arturo’s mine life
- Development and permitting risks.
- Exploration success.
- Foreign exchange risks.

Key Financial Data (FYE - Dec 31)

| US\$ millions except EPS | 2016* | 2017 | 2018 | 2019E | 2020E |
|---------------------------|----------|----------|-----------|-----------|-----------|
| Revenues | \$114.02 | \$200.31 | \$113.87 | \$108.27 | \$122.13 |
| Net Income | (\$0.55) | \$16.17 | (\$20.43) | (\$17.13) | (\$18.04) |
| EPS | (\$0.00) | \$0.08 | (\$0.10) | (\$0.08) | (\$0.09) |
| Cash and cash equivalents | \$89.15 | \$103.05 | \$43.88 | \$8.09 | \$1.43 |
| Working Capital | \$123.68 | \$85.83 | \$53.56 | \$13.94 | (\$18.71) |
| LT Debt | \$75.27 | \$22.51 | \$11.39 | \$16.09 | \$12.89 |

*2016 figures were converted to US\$ at C\$/US\$ of 1.32.

Overview

Premier Gold Mines Limited, headquartered in Thunder Bay, Ontario, Canada, was formed in 2006, when it was **spun out from Wolfden Resources** as a pure gold exploration company with assets in Ontario. Ewan Downie, Founder and CEO of Wolfden, also took over the role of Premier CEO. Wolfden was acquired by Zinifex Ltd. in 2007 for C\$363 million. From inception to 2015, Premier aggressively explored a number of gold assets primarily in Nevada and Ontario. In 2015, the company acquired a 40% interest in the South Arturo project in Nevada from Goldcorp (Barrick owns the remaining 60%), which was advanced to production in 2016. In 2016, the company also acquired a 100% interest in the Mercedes mine in Sonora, Mexico, from Yamana Gold (TSX: AUJ), and became the owner of two gold producers.

Premier is currently **advancing a portfolio of eight projects** including two operating mines, two advanced development stage projects, and four exploration stage projects. Among the eight projects, one is in Mexico, four are in Nevada, and three are in Ontario.

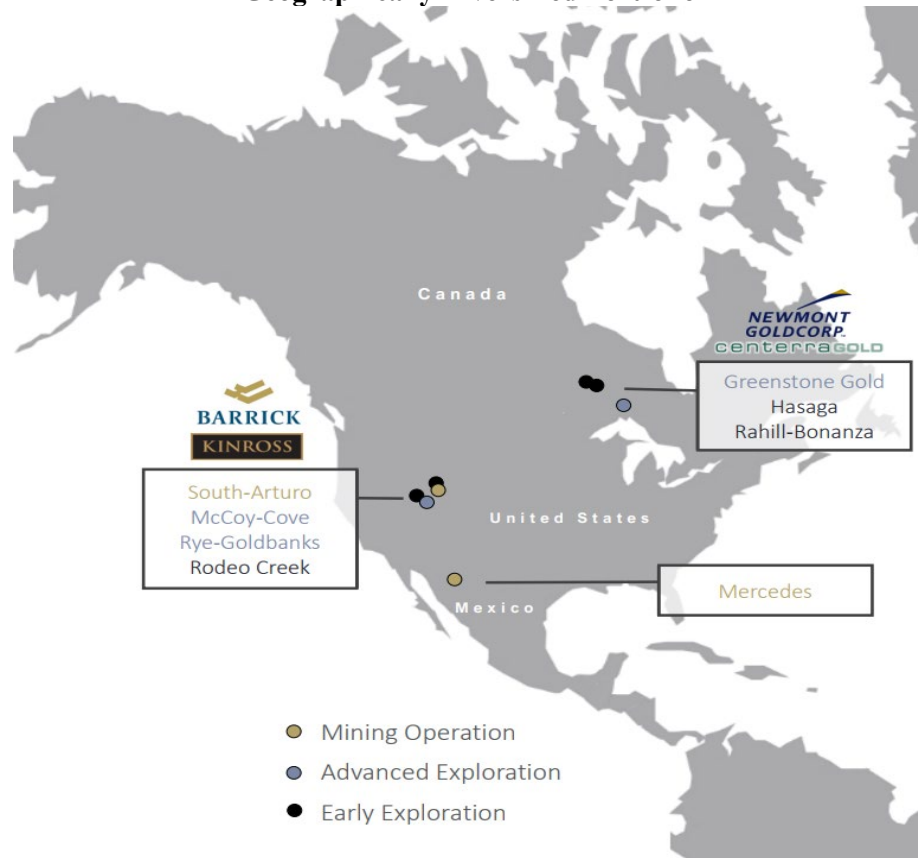
Premier's Portfolio

| Producing | Advanced Stage Development | Exploration |
|--|---|---|
| 1. Mercedes Mine, Mexico | 1. Cove, Nevada | 1. Rahill-Bonanza (44% interest) |
| * 100% Premier (acquired from Yamana) | * 100% Premier | * Red Lake, Ontario, Canada |
| * Underground Mine | * Completed PEA in 2018 | 2. Hasaga Gold Property (Premier 100%) |
| * Production 2019E: :75 Koz - 85 Koz gold / cash cost of \$730 - \$780 per oz | :AT - NPV @ 5% of \$142M at \$1,250 per oz gold :Cash cost of \$790 per oz | * Red Lake, Ontario, Canada *1.1 Moz M&I + 0.6 Moz Inferred Resource |
| | | 3. McCoy - Cove, Nevada |
| 2. South Arturo Mine, Nevada, U.S. | 2. Greenstone Gold, Ontario | * Barrick Earning in 60% |
| * 60% Barrick / 40% Premier (acquired from Goldcorp) | Premier 50% / Centerra 50% | 4: Rye - Goldbanks, Nevada |
| * Open Pit and Underground | Centerra sole-funding C\$185M (C\$77M spent by the end of Q1-2019) | * Premier earning a 100% of Goldbanks from Kinross |
| * Production 2019E: :5 Koz - 10 Koz gold (pre-commercial) | * Completed FS in 2016 :AT - NPV @ 5% of C\$709M at \$1,250 per oz gold | * Premier earning a 100% of Rye from Barrick |
| | :AISC of C\$780 per oz | |

Note: Barrick Gold (61.5%) and Newmont (38.5%) recently formed a JV named Nevada Gold Mines combining their assets in Nevada.

Source: Company / FRC

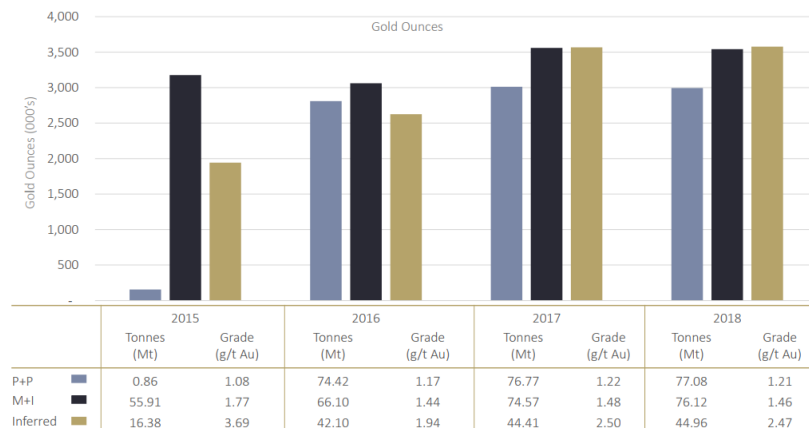
Geographically Diversified Portfolio



Source: Company

The following chart shows the growth in Premier’s reserves and resources since 2015. **The company currently has combined proved and probable reserves of 3 Moz, and an additional measured and indicated resource of 3.5 Moz, and an inferred resource of 3.6 Moz.** Resources are spread across five of Premier’s eight properties.

Reserve / Resource Growth



Source: Company

Reserve and Resources by Project (Attributable to Premier)

| GOLD (Au) PROPERTY | PROVEN RESERVES | | | PROBABLE RESERVES | | | PROVEN+PROBABLE RESERVES | | |
|-----------------------|-----------------|--------------|-----------------|-------------------|--------------|-----------------|--------------------------|--------------|-----------------|
| | Tonnes Mt | Grade g/t | Ounces 000's | Tonnes Mt | Grade g/t | Ounces 000's | Tonnes Mt | Grade g/t | Ounces 000's |
| Greenstone (Hardrock) | - | - | - | 70.85 | 1.02 | 2,324 | 70.85 | 1.02 | 2,324 |
| Mercedes | 0.19 | 9.01 | 56 | 3.19 | 3.31 | 339 | 3.38 | 3.63 | 395 |
| South Arturo | 1.51 | 3.20 | 155 | 1.34 | 2.79 | 120 | 2.84 | 3.01 | 275 |
| TOTAL | 1.70 | 3.87 | 211 | 75.38 | 1.15 | 2,783 | 77.08 | 1.21 | 2,994 |

| SILVER (Ag) PROPERTY | PROVEN RESERVES | | | PROBABLE RESERVES | | | PROVEN+PROBABLE RESERVES | | |
|-------------------------|-----------------|--------------|-----------------|-------------------|--------------|-----------------|--------------------------|--------------|-----------------|
| | Tonnes Mt | Grade g/t | Ounces 000's | Tonnes Mt | Grade g/t | Ounces 000's | Tonnes Mt | Grade g/t | Ounces 000's |
| Greenstone (Hardrock) | - | - | - | - | - | - | - | - | - |
| Mercedes | 0.19 | 80.97 | 503 | 3.19 | 21.67 | 2,222 | 3.38 | 25.05 | 2,725 |
| South Arturo | - | - | - | - | - | - | - | - | - |
| TOTAL | 0.19 | 80.97 | 503 | 3.19 | 21.67 | 2,222 | 3.38 | 25.05 | 2,725 |

| GOLD (Au) PROPERTY | MEASURED RESOURCES | | | INDICATED RESOURCES | | | M+I RESOURCES | | | INFERRED RESOURCES | | |
|-----------------------|--------------------|--------------|-----------------|---------------------|--------------|-----------------|---------------|--------------|-----------------|--------------------|--------------|-----------------|
| | Tonnes Mt | Grade g/t | Ounces 000's | Tonnes Mt | Grade g/t | Ounces 000's | Tonnes Mt | Grade g/t | Ounces 000's | Tonnes Mt | Grade g/t | Ounces 000's |
| Greenstone | 2.03 | 1.07 | 70 | 18.38 | 2.27 | 1,340 | 20.41 | 2.15 | 1,410 | 13.68 | 3.09 | 1,360 |
| Mercedes | 0.25 | 3.32 | 27 | 3.00 | 3.41 | 329 | 3.25 | 3.40 | 356 | 1.72 | 4.18 | 231 |
| South Arturo | 2.40 | 1.06 | 81 | 6.82 | 1.03 | 228 | 9.22 | 1.03 | 309 | 0.76 | 1.30 | 32 |
| McCoy-Cove | - | - | - | 0.95 | 11.22 | 342 | 0.95 | 11.22 | 342 | 3.66 | 11.24 | 1,322 |
| Hasaga | - | - | - | 42.29 | 0.83 | 1,124 | 42.29 | 0.83 | 1,124 | 25.14 | 0.78 | 631 |
| TOTAL | 4.68 | 1.18 | 178 | 71.44 | 1.46 | 3,363 | 76.12 | 1.45 | 3,541 | 44.96 | 2.47 | 3,576 |

| SILVER (Ag) PROPERTY | MEASURED RESOURCES | | | INDICATED RESOURCES | | | M+I RESOURCES | | | INFERRED RESOURCES | | |
|-------------------------|--------------------|--------------|-----------------|---------------------|--------------|-----------------|---------------|--------------|-----------------|--------------------|--------------|-----------------|
| | Tonnes Mt | Grade g/t | Ounces 000's | Tonnes Mt | Grade g/t | Ounces 000's | Tonnes Mt | Grade g/t | Ounces 000's | Tonnes Mt | Grade g/t | Ounces 000's |
| Greenstone | - | - | - | - | - | - | - | - | - | - | - | - |
| Mercedes | 0.25 | 51.23 | 417 | 3.00 | 36.94 | 3,564 | 3.25 | 38.05 | 3,981 | 1.72 | 36.11 | 1,997 |
| South Arturo | - | - | - | - | - | - | - | - | - | - | - | - |
| McCoy-Cove | - | - | - | 0.95 | 29.53 | 900 | 0.95 | 29.53 | 900 | 3.66 | 20.89 | 2,457 |
| Hasaga | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL | 0.25 | 51.23 | 417 | 3.95 | 35.16 | 4,464 | 4.20 | 36.13 | 4,881 | 5.38 | 25.76 | 4,454 |

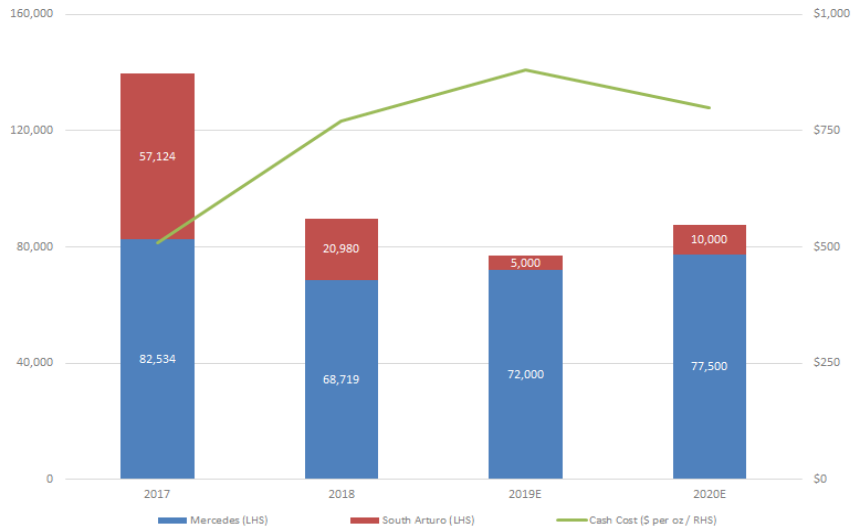
Source: Company

Premier produced 90 Koz gold, and 322 Koz silver in 2018, at a cash cost of \$771 per oz, and an all-in-sustaining-cost (“AISC”) of \$917 per oz. In 2018, the company generated \$114 million in revenues and \$30 million in EBITDA. **Production declined at both mines in 2018.** At South Arturo, 2018 production came from low-grade stockpiles following completion of Phase 2 open pit mining in 2017. Mercedes’ production was impacted in 2018 due to a redesign of stopes at new mining zones, which resulted in lower tonnage and grades. Management’s guidance for 2019 is 75 Koz – 85 Koz gold from Mercedes, and 5 Koz -10 Koz from South Arturo. **Production is expected to ramp up in 2020,** as the company commences commercial production of South Arturo’s El Nino underground extension and Phase 1 open-pit.

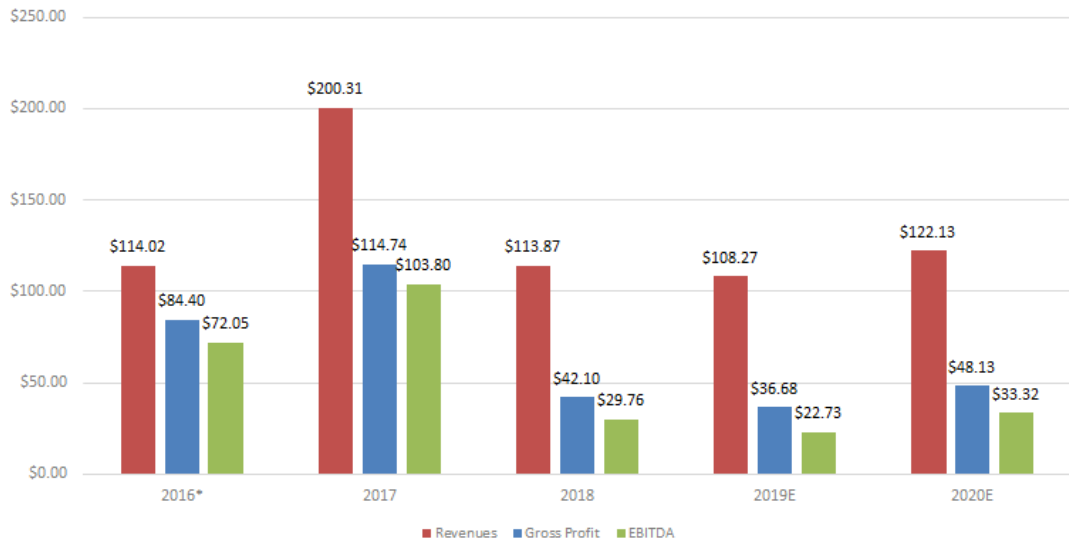
The following charts show the company’s historic production and operating performance, along with our 2019 and 2020 forecasts.

South Arturo

Production (oz) and Cost (\$ per oz)



Operating Performance



Source: Company / FRC

Overview

Premier holds a 40% interest in the South Arturo mine. Barrick owns the remaining 60%, and is the mine’s operator. Premier acquired its 40% in 2015 from Goldcorp for \$37 million in cash, and a 5% interest in Premier’s Rahill-Bonanza project in Red Lake, Ontario. Goldcorp also subscribed to \$12.5 million of an equity financing completed by Premier shortly after this transaction. The mine is subject to gross royalties (4% to 9%) due to Franco-Nevada (TSX: FNV).

Location

The property is located in the northern end of the prolific Carlin trend, approximately 48 km northwest of Carlin, Nevada. **It is just 5 km northwest from Barrick’s Goldstrike mine – the largest gold mine in North America.** Since 1986, Goldstrike has produced approximately 45 Moz of gold. In 2018, the mine produced 2.1 Moz at a cost of \$818 per oz.

Project Location



Source: Company

History

The project was in production (from the Dee open pit mine) from 1984 to 1999, by a partnership led by Rayrock Mines Inc. A total of 605 Koz of gold was produced from oxide ore. Although underground mining commenced in 1999 (through a decline from the bottom of the Dee pit), operations were terminated in the following year due to low gold prices. Barrick earned its 60% interest when it formed a partnership with Rayrock in 1997, to explore the property. Rayrock was acquired by Glamis in 1999, and Glamis was subsequently acquired by Goldcorp in 2007, resulting in Goldcorp earning a 40% interest in the project. As mentioned earlier, Premier acquired Goldcorp’s 40% interest in 2015. Our discussions with management indicated that Goldcorp sold its interest to focus on its core assets.

Barrick discovered the South Arturo deposit beneath the dumps of the Dee open pit mine in a drill program in 2005. In total, the project has a database of 3,713 drill holes totaling 621,900 m – more than half of this drilling was conducted by Barrick. **Barrick and Premier put the project back into production in 2016, from another open pit, named Phase 2.** Phase 2 was mined out by the end of 2017, followed by production from stockpiles in 2018, which was completed in the same year. In total, the mine has produced over 1 Moz since 1984. Mineralized material (refractory) was processed at Barrick's Goldstrike mine.

Historic Production at South Arturo

| Historic Gold Production (South Arturo) | (oz) |
|---|------------------|
| Dee Open Pit (1984 - 1999) | 604,488 |
| Phase 2 Open Pit | |
| 2016 | 223,144 |
| 2017 | 142,811 |
| 2018 | 52,450 |
| Total | 1,022,893 |

Source: Company / FRC

A detailed production profile of the past two years are shown below. Premier's 40% share of production, in 2018, was 21 Koz (all of which came from stockpiles) versus 57 Koz in 2017. At \$300 - \$400 per oz cash cost, the mine was running at a significantly low cost primarily because of its high grade, and proximity to Goldstrike. The mine's gross margin averaged 70% in 2017-2018; significantly higher than the gold industry average of 30% (Source: S&P Capital IQ).

| South Arturo (Premier's 40%) | 2017 | 2018 | Q1-2019 | Q2-2019 |
|--------------------------------------|---------|---------|---------|---------|
| Tonnes processed | 390,881 | 195,536 | | 8,447 |
| Gold Grade (gpt) | 5.22 | 3.97 | | 4.52 |
| Silver Grade (gpt) | | | | |
| Gold Recovery | 87.0% | 84.1% | | 82.5% |
| Silver Recovery | | | | |
| Gold Production (oz) | 57,124 | 20,980 | | 917 |
| Silver Production (oz) | 19,918 | 12,649 | | 438 |
| Gold Sold (oz) | 70,442 | 21,276 | | 918 |
| Silver Sold (oz) | | | | |
| Gold Revenues (\$M) | \$88.2 | \$27.8 | | \$1.2 |
| Silver Revenues (\$M) | | | | |
| Total Revenues (\$M) | \$88.2 | \$27.8 | | \$1.2 |
| Mine Operating Income (\$M) | \$29.7 | \$12.5 | | \$0.7 |
| Realized Gold Price (\$/oz) | \$1,253 | \$1,305 | | \$1,271 |
| Realized Silver Price (\$/oz) | | | | |
| Cash costs per ounce of gold (\$/oz) | \$304 | \$419 | | \$308 |
| AISC per ounce of gold sold (\$/oz) | \$351 | \$478 | | \$768 |
| CAPEX (sustaining) - \$M | \$0.4 | \$0.0 | | |
| CAPEX (expansary) - \$M | \$0.8 | \$8.4 | \$4.6 | \$5.9 |
| Total CAPEX - \$M | \$1.2 | \$8.4 | \$4.6 | \$5.9 |

- Q2-2019 production is from processing low grade stockpile ore from Phase 2.

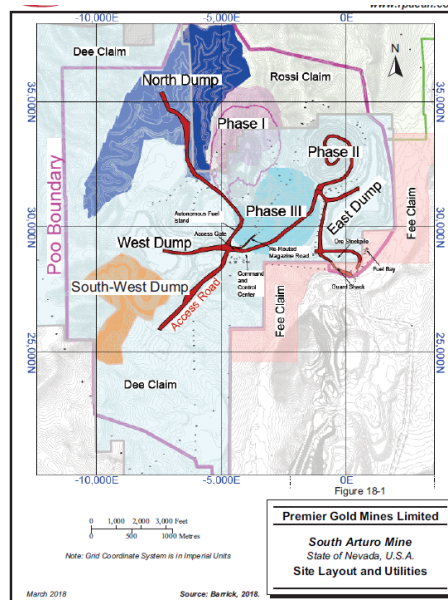
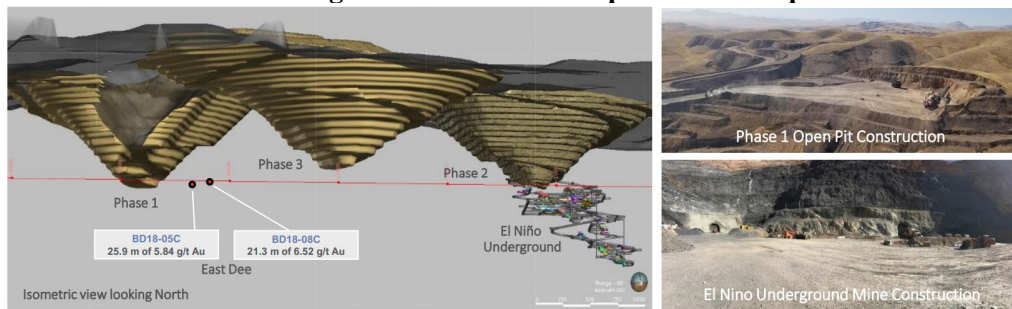
| SM | 2017 | 2018 | Q1-2018 | Q1-2019 | Q2-2018 | Q2-2019 |
|-----------------------|----------------|----------------|----------------|----------|---------------|---------------|
| South Arturo Revenues | \$88.22 | \$27.76 | \$15.93 | 0 | \$7.87 | \$1.17 |
| Cost of Sales | -\$24.97 | -\$9.02 | -\$4.84 | 0 | -\$2.86 | -\$0.32 |
| Gross Profit | \$63.25 | \$18.74 | \$11.09 | 0 | \$5.01 | \$0.85 |
| Gross Margin | 71.7% | 67.5% | 69.6% | | 63.7% | 72.9% |

Source: Company / FRC

Current Initiatives

Barrick and Premier are currently **focused on resuming production** at South Arturo by advancing two developments (El Nino underground and Phase 1 open-pit) to production. These initiatives resulted in the significant increase in expansionary CAPEX (\$10.6 million in H1-2019) noted in the above table. Premier’s share of CAPEX is estimated to be \$39 million in 2019.

El Nino Underground and Phase 1 Open Pit Developments



Source: Company

The **El Nino underground mine**, which will be accessed via a portal within the mined out Phase 2 pit, is expected to be in **production in H2-2019**. The **Phase 1 pit** is expected to be in **production in H2-2020**.

At the end of 2018, the project (Premier’s 40% interest) was estimated to hold reserves of 275 Koz (3.01 gpt), as well as a measured and indicated resource of 310 Koz (1.05 gpt) at the Phase 1 open-pit and El Nino underground combined.

South Arturo Mineral Reserves attributable to Premier as of December 31, 2018

| GOLD (Au) ORE LOCATION | PROVEN RESERVES | | | PROBABLE RESERVES | | | PROVEN+PROBABLE RESERVES | | |
|---------------------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|
| | Tonnes Mt | Grade g/t Au | Ounces 000's | Tonnes Mt | Grade g/t Au | Ounces 000's | Tonnes Mt | Grade g/t Au | Ounces 000's |
| Stockpile | 0.18 | 1.98 | 11 | - | - | - | 0.18 | 1.98 | 11 |
| Open Pit | 1.32 | 3.32 | 141 | 1.27 | 2.33 | 95 | 2.59 | 2.84 | 236 |
| Underground | 0.01 | 13.61 | 2 | 0.07 | 11.08 | 25 | 0.08 | 11.24 | 27 |
| TOTAL | 1.51 | 3.19 | 154 | 1.34 | 2.79 | 120 | 2.84 | 3.01 | 275 |

South Arturo Mineral Resources attributable to Premier as of December 31, 2018

| GOLD (Au) ORE LOCATION | MEASURED RESOURCES | | | INDICATED RESOURCES | | | M+I RESOURCES | | | INFERRED RESOURCES | | |
|---------------------------|--------------------|-----------------|-----------------|---------------------|-----------------|-----------------|---------------|-----------------|-----------------|--------------------|-----------------|-----------------|
| | Tonnes Mt | Grade g/t Au | Ounces 000's | Tonnes Mt | Grade g/t Au | Ounces 000's | Tonnes Mt | Grade g/t Au | Ounces 000's | Tonnes Mt | Grade g/t Au | Ounces 000's |
| Stockpile | 0.12 | 0.97 | 4 | - | - | - | 0.12 | 0.97 | 4 | - | - | - |
| Open Pit | 2.28 | 1.05 | 77 | 6.78 | 0.99 | 217 | 9.06 | 1.01 | 294 | 0.69 | 0.44 | 10 |
| Underground | 0.002 | 12.11 | 1 | 0.03 | 10.04 | 11 | 0.04 | 10.16 | 12 | 0.07 | 9.73 | 22 |
| TOTAL | 2.40 | 1.06 | 82 | 6.82 | 1.04 | 228 | 9.22 | 1.05 | 310 | 0.76 | 1.30 | 32 |

Source: Company

A 2018 technical report prepared by RPA Inc. showed a potential 7 year mine life for El Nino, and Phase 1 combined, to produce a total of 544 Koz, including two years of high production at 170 Koz per year. The project’s mineralization is similar to other deposits in the Carlin trend (breccia hosted Carlin-type). The oxide ore was originally intended to be processed at Barrick’s oxide milling circuit at the Cortez site (located 85 miles from South Arturo). However, this plan might change as Barrick and Newmont (NYSE: NEM) recently formed a joint venture in Nevada. The refractory ore will be processed at the Goldstrike roaster, and heap leach ore will be separated for possible processing in the future. According to the company, over 1.5 Mt of heap leach material has been stripped at the Phase 1 open pit. Premier is **planning to apply for a permit to operate a heap leach facility**, and if approved, will commence construction in 2020.

The 2018 report showed an AT-NPV at 5% of \$23 million (100% interest in South Arturo), based on a gold price of \$1,200 per oz.

| 2018 Technical Report (100% South Arturo) | Open Pit | Underground | | | | | |
|---|------------------|-------------|---------|---------|-------|-------|----------------|
| Area | Phase I | El Nino | | | | | |
| Life | 2020 - 2024 | 2020to 2026 | | | | | |
| Total Production | 544,000 oz | | | | | | |
| Recovery | 79.50% | | | | | | |
| Gold Price | \$1,200 per oz | | | | | | |
| LOM CAPEX | US\$21.3 million | | | | | | |
| AISC | \$1,029 per oz | | | | | | |
| AT-NPV @ 5% | \$23 million | | | | | | |
| AT - IRR | 11.30% | | | | | | |
| Production | | | | | | | |
| Year 1 | 2 | 3 | 4 | 5 | 6 | 7 | Total |
| 23 Koz | 27 Koz | 49 Koz | 177 Koz | 169 Koz | 5 Koz | 3 Koz | 544 Koz |

Source: Company

Management estimates pre-commercial production of 5 Koz – 10 Koz in 2019, and has not provided any guidance for 2020. Based on the 2018 report’s estimate of 23 Koz – 27 Koz per year production in years 1 and 2, we believe the project is likely to report similar production in 2020, implying approximately 10 Koz for Premier.

Mercedes Mine, Mexico

Despite the low NPV, South Arturo remains a key asset for Premier because of its near-term production potential as well as potential to mine other targets on the property. Note that the mine’s total operating income to Premier in 2017, and 2018, was \$42 million, which exceeds the \$37 million cash component of the acquisition price.

The company completed five underground holes in Q1-2019, and expects to complete a significant surface and underground drill program (budgeted at \$3 million) in 2019. A key target is East Dee, which is located immediately east of the Phase 1 pit, and has the potential to become a new mining area. Barrick and Premier are also evaluating the potential for production from the Phase 3 open-pit, shown in the image on page 8.

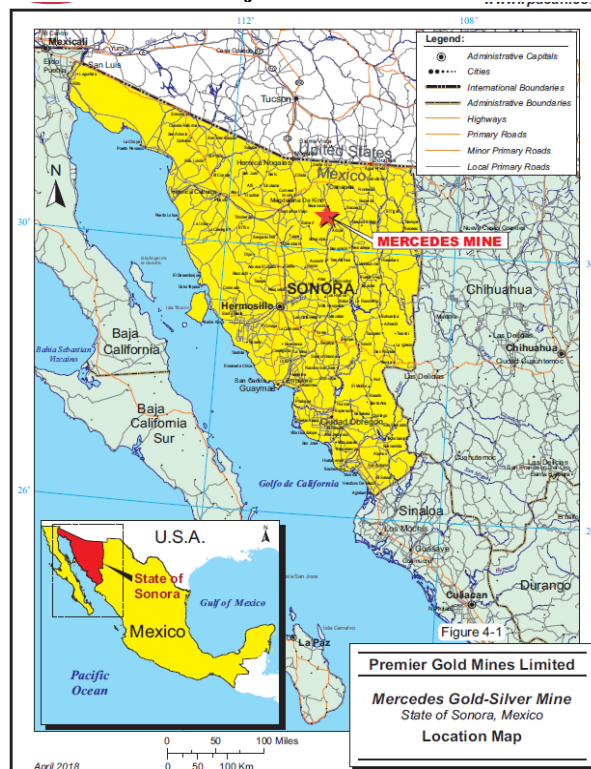
Overview

In September 2016, Premier acquired a 100% interest in the Mercedes mine from Yamana Gold for \$143 million, of which, \$122 million was paid in cash, and the remaining \$21 million paid in shares (6 million shares at C\$4.05 per share plus 3 million warrants). Premier also granted a 1% net smelter return royalty on production, starting on the earlier of the date on which the mine produces 450 Koz or September 2022.

Location

The Mercedes mine (69,285 ha of 43 mineral concessions) is located in the State of Sonora in northern Mexico, approximately 250 km northeast of Hermosillo, Mexico, and 300 km south of Tucson, Arizona.

Project Location



Source: Company

Processing Facilities



Source: Company

The mine has a 2,000 tpd underground gold-silver mine. Processing facilities include three-stage crushing, and conventional milling with Merrill-Crowe recovery of gold and silver.

History

The property was primarily explored in the 1990s and 2000s. In 2007, Yamana took control over the property. From 2007 – 2017, a total of 1,966 holes were drilled, totaling approximately 480,000 m. Production commenced in 2011. **From 2011 to the end of Q2-2019, the mine produced 714 Koz gold and 7 Moz silver.** Although the throughput rate has stayed high (averaging approximately 1,840 tpd in recent years), the average grades have been declining because the majority of recent production has come from Diluvio, which is a lower grade bulk mining opportunity. The company is currently planning to move production primarily to other higher grade zones.

Historic Production

| | Tonnes (Kt) | Gold Grade (gpt) | Silver Grade (gpt) | Gold (Koz) | Silver (Koz) | Gold Recovery | Silver Recovery |
|--------------|-------------|------------------|--------------------|--------------|----------------|---------------|-----------------|
| 2011 | 19.2 | 4.97 | 61.7 | 3.1 | 38.0 | | |
| 2012 | 513.7 | 6.27 | 81.7 | 103.6 | 1,349.9 | | |
| 2013 | 641.0 | 6.13 | 76.6 | 126.3 | 1,578.1 | | |
| 2014 | 648.6 | 5.40 | 61.2 | 112.6 | 1,276.4 | | |
| 2015 | 492.1 | 5.06 | 52.2 | 80.1 | 826.4 | | |
| 2016 | 663.9 | 4.86 | 55.9 | 103.7 | 1,193.2 | | |
| 2017 | 683.5 | 3.93 | 37.6 | 82.5 | 338.0 | 96% | 41% |
| 2018 | 665.5 | 3.34 | 35.3 | 68.7 | 309.2 | 96% | 41% |
| Q1-2019 | 178.8 | 3.18 | 27.3 | 17.6 | 57.7 | 96% | 37% |
| Q2-2019 | | | | 15.5 | 51.4 | 96% | 35% |
| Total | | | | 713.8 | 7,018.2 | | |

Source: Company / FRC

A detailed production profile of the past two years is shown below. In 2018, production

dropped YoY from 83 Koz to 69 Koz gold, because the company was involved in a redesign of stopes at new mining zones (Diluvio, Lupita, and Rey de Oro – see image on page 13), which resulted in lower tonnage and grades. **However, production picked up in Q1-2019, and was up 17% YoY to 18 Koz. Q2-2019 production was up 13% YoY to 16 Koz. H1-2019 cash costs dropped 10% YoY to \$911 per oz.** AISC remained high at \$1,173 per oz due to sustaining CAPEX. At 27% in H1-2019, the mine’s gross margin was lower than the gold industry’s 30%. **Premier expects 2019 production to be 75 Koz - 85 Koz, at a cash cost of \$730 - \$780 per oz, and an AISC of \$900 to \$950 per oz.**

| Mercedes | 2017 | 2018 | Q1-2018 | Q1-2019 | Q2-2018 | Q2-2019 | 2018 (6M) | 2019 (6M) |
|--------------------------------------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| Tonnes processed | 683,545 | 665,522 | 168,314 | 178,771 | 154,442 | 167,588 | 322,756 | 346,359 |
| Gold Grade (gpt) | 3.93 | 3.34 | 2.91 | 3.18 | 2.90 | 3.00 | 2.91 | 3.10 |
| Silver Grade (gpt) | 37.63 | 35.34 | 31.78 | 27.31 | 23.82 | 27.24 | 27.97 | 27.28 |
| Gold Recovery | 95.6% | 96.0% | 95.2% | 96.2% | 95.8% | 95.9% | 95.5% | 96.1% |
| Silver Recovery | 40.9% | 40.9% | 33.4% | 36.8% | 37.5% | 35.0% | 35.1% | 35.9% |
| Gold Production (oz) | 82,534 | 68,719 | 15,009 | 17,614 | 13,780 | 15,532 | 28,789 | 33,146 |
| Silver Production (oz) | 337,983 | 309,165 | 57,370 | 57,681 | 44,366 | 51,354 | 101,736 | 109,035 |
| Gold Sold (oz) | 85,285 | 65,760 | 17,180 | 17,520 | 14,673 | 16,440 | 31,853 | 33,960 |
| Silver Sold (oz) | 338,831 | 299,819 | 66,210 | 62,581 | 58,098 | 56,484 | 124,308 | 119,065 |
| Gold Revenues (\$M) | \$106.4 | \$81.9 | \$22.0 | \$22.2 | \$18.5 | \$21.0 | \$40.6 | \$43.1 |
| Silver Revenues (\$M) | \$5.7 | \$4.2 | \$1.2 | \$1.0 | \$1.1 | \$0.8 | \$2.3 | \$1.8 |
| Total Revenues (\$M) | \$112.1 | \$86.1 | \$23.2 | \$23.2 | \$19.6 | \$21.8 | \$42.9 | \$45.0 |
| Mine Operating Income (\$M) | \$34.3 | \$4.1 | \$2.4 | \$3.7 | -\$4.7 | -\$1.3 | -\$2.3 | \$2.4 |
| Realized Gold Price (\$/oz) | \$1,254 | \$1,251 | \$1,287 | \$1,271 | \$1,269 | \$1,283 | \$1,279 | \$1,277 |
| Realized Silver Price (\$/oz) | \$17 | \$16 | \$17 | \$16 | \$16 | \$15 | \$17 | \$15 |
| Cash costs per ounce of gold (\$/oz) | \$676 | \$885 | \$897 | \$786 | \$1,142 | \$1,044 | \$1,010 | \$911 |
| AISC per ounce of gold sold (\$/oz) | \$832 | \$1,060 | \$1,081 | \$1,098 | \$1,312 | \$1,252 | \$1,187 | \$1,173 |
| CAPEX (sustaining) - \$M | \$9.2 | \$7.0 | \$1.8 | \$4.2 | \$1.8 | \$2.4 | \$3.6 | \$6.6 |
| CAPEX (expansary) - \$M | \$9.0 | \$10.4 | \$2.6 | \$1.9 | \$2.6 | \$2.0 | \$5.2 | \$4.0 |
| Total CAPEX - \$M | \$18.2 | \$17.4 | \$4.4 | \$6.1 | \$4.4 | \$4.4 | \$8.8 | \$10.6 |

| \$M | 2017 | 2018 | Q1-2018 | Q1-2019 | Q2-2018 | Q2-2019 | 2018 (6M) | 2019 (6M) |
|---------------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Mercedes Revenues | \$112.09 | \$86.11 | \$23.25 | \$23.12 | \$19.60 | \$21.82 | \$42.85 | \$44.94 |
| Cost of Sales | -\$60.60 | -\$62.74 | -\$16.50 | -\$14.72 | -\$17.68 | -\$18.01 | -\$34.18 | -\$32.73 |
| Gross Profit | \$51.49 | \$23.37 | \$6.75 | \$8.40 | \$1.92 | \$3.82 | \$8.67 | \$12.21 |
| Gross Margin | 45.9% | 27.1% | 29.0% | 36.3% | 9.8% | 17.5% | 20.2% | 27.2% |

Source: Company / FRC

Reserve / Resource Estimate

Gold-silver mineralization on the Mercedes property is hosted within epithermal low sulphidation veins, stockwork, and breccia zones. Mineralization has been identified over a vertical range of 700 m (600 m to 1,300 m), with lengths from 100 m to 3 km. The zones range in width from less than 1 m to up to 15 m (with some up to 100 m). At the end of 2018, the mine had **reserves of 395 Koz (3.63 gpt)**, as well as a **measured and indicated resource of 356 Koz (3.41 gpt)**, and an **inferred resource of 231 Koz (4.18 gpt)**, across five key mine areas; namely Mercedes, Barrancas-Lagunas, Lupita, Diluvio, and Rey de Oro.

Mercedes Mine Mineral Reserves for Gold and Silver as of December 31, 2018

| GOLD (Au) ORE ZONE | PROVEN RESERVES | | | PROBABLE RESERVES | | | PROVEN+PROBABLE RESERVES | | |
|-----------------------|-----------------|--------------|-----------------|-------------------|--------------|-----------------|--------------------------|--------------|-----------------|
| | Tonnes kt | Grade g/t | Ounces 000's | Tonnes kt | Grade g/t | Ounces 000's | Tonnes kt | Grade g/t | Ounces 000's |
| Mercedes | 20.09 | 7.53 | 5 | 74.06 | 2.79 | 7 | 94.15 | 3.80 | 12 |
| Aida | - | - | - | 120.44 | 3.84 | 15 | 120.44 | 3.84 | 15 |
| Lupita | 45.43 | 7.95 | 12 | 283.56 | 3.85 | 35 | 328.99 | 4.42 | 47 |
| Rey de Oro | 31.36 | 8.43 | 8 | 342.51 | 3.80 | 42 | 373.87 | 4.19 | 50 |
| Barrancas | 96.32 | 10.01 | 31 | 314.87 | 3.54 | 36 | 411.19 | 5.06 | 67 |
| Diluvio | - | - | - | 2,054.79 | 3.10 | 205 | 2,054.79 | 3.10 | 205 |
| TOTAL | 193.2 | 9.01 | 56 | 3,190.22 | 3.31 | 339 | 3,383.42 | 3.63 | 395 |

| SILVER (Ag) ORE ZONE | PROVEN RESERVES | | | PROBABLE RESERVES | | | PROVEN+PROBABLE RESERVES | | |
|-------------------------|-----------------|--------------|-----------------|-------------------|--------------|-----------------|--------------------------|--------------|-----------------|
| | Tonnes kt | Grade g/t | Ounces 000's | Tonnes kt | Grade g/t | Ounces 000's | Tonnes kt | Grade g/t | Ounces 000's |
| Mercedes | 20.09 | 89.84 | 58 | 74.06 | 21.71 | 52 | 94.15 | 36.25 | 110 |
| Aida | - | - | - | 120.44 | 22.36 | 87 | 120.44 | 22.36 | 87 |
| Lupita | 45.43 | 43.51 | 64 | 283.56 | 22.33 | 204 | 328.99 | 25.26 | 267 |
| Rey de Oro | 31.36 | 119.66 | 121 | 342.51 | 39.82 | 438 | 373.87 | 46.51 | 559 |
| Barrancas | 96.32 | 84.18 | 261 | 314.87 | 34.72 | 352 | 411.19 | 46.31 | 612 |
| Diluvio | - | - | - | 2,054.79 | 16.50 | 1,090 | 2,054.79 | 16.50 | 1,090 |
| TOTAL | 193.2 | 80.97 | 503 | 3,190.22 | 21.66 | 2,222 | 3,383.42 | 25.05 | 2,725 |

Mercedes Mine Mineral Resource for Gold and Silver as of December 31, 2018

| GOLD (Au) ORE ZONE | MEASURED RESOURCES | | | INDICATED RESOURCES | | | M+I RESOURCES | | | INFERRED RESOURCES | | |
|-----------------------|--------------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|
| | Tonnes kt | Grade g/t Au | Ounces 000's | Tonnes kt | Grade g/t Au | Ounces 000's | Tonnes kt | Grade g/t Au | Ounces 000's | Tonnes kt | Grade g/t Au | Ounces 000's |
| Marianas | - | - | - | 21.45 | 18.39 | 13 | 21.45 | 18.39 | 13 | 644.84 | 4.46 | 92 |
| Klondike | 2.66 | 4.70 | 0 | 45.42 | 3.36 | 5 | 48.08 | 3.44 | 5 | 27.88 | 3.26 | 3 |
| Lupita | 41.30 | 2.59 | 3 | 355.31 | 3.63 | 41 | 396.62 | 3.52 | 45 | 59.45 | 6.76 | 13 |
| Barrancas | 87.52 | 1.18 | 3 | 407.03 | 3.23 | 42 | 494.56 | 2.87 | 46 | 197.10 | 4.47 | 28 |
| Rey de Oro | 32.72 | 8.07 | 8 | 477.71 | 2.75 | 42 | 510.43 | 3.09 | 51 | 194.80 | 4.13 | 26 |
| Mercedes | 89.18 | 4.00 | 11 | 422.74 | 3.65 | 50 | 511.92 | 3.71 | 61 | 240.02 | 3.69 | 28 |
| Diluvio | - | - | - | 1,272.59 | 3.33 | 136 | 1,272.59 | 3.33 | 136 | 356.09 | 3.50 | 40 |
| TOTAL | 253.39 | 3.33 | 27 | 3,001.26 | 3.41 | 329 | 3,254.65 | 3.41 | 356 | 1,720.17 | 4.18 | 231 |

| SILVER (Ag) ORE ZONE | MEASURED RESOURCES | | | INDICATED RESOURCES | | | M+I RESOURCES | | | INFERRED RESOURCES | | |
|-------------------------|--------------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|
| | Tonnes kt | Grade g/t Au | Ounces 000's | Tonnes kt | Grade g/t Au | Ounces 000's | Tonnes kt | Grade g/t Au | Ounces 000's | Tonnes kt | Grade g/t Au | Ounces 000's |
| Marianas | - | - | - | 21.45 | 10.50 | 7 | 21.45 | 10.50 | 7 | 644.84 | 26.99 | 560 |
| Klondike | 2.66 | 52.29 | 4 | 45.42 | 39.77 | 58 | 48.08 | 40.46 | 63 | 27.88 | 23.47 | 21 |
| Lupita | 41.30 | 21.65 | 29 | 355.31 | 32.61 | 373 | 396.62 | 31.46 | 401 | 59.45 | 51.23 | 98 |
| Barrancas | 87.52 | 36.53 | 103 | 407.03 | 53.57 | 701 | 494.56 | 50.56 | 804 | 197.10 | 51.87 | 329 |
| Rey de Oro | 32.72 | 128.03 | 135 | 477.71 | 54.79 | 842 | 510.43 | 59.48 | 976 | 194.80 | 29.12 | 182 |
| Mercedes | 89.18 | 51.16 | 147 | 422.74 | 47.14 | 641 | 511.92 | 47.84 | 787 | 240.02 | 50.39 | 389 |
| Diluvio | - | - | - | 1,272.59 | 23.06 | 943 | 1,272.59 | 23.06 | 943 | 356.09 | 36.59 | 419 |
| TOTAL | 253.39 | 51.23 | 417 | 3,001.26 | 36.93 | 3,564 | 3,254.65 | 38.05 | 3,982 | 1,720.17 | 36.11 | 1,997 |

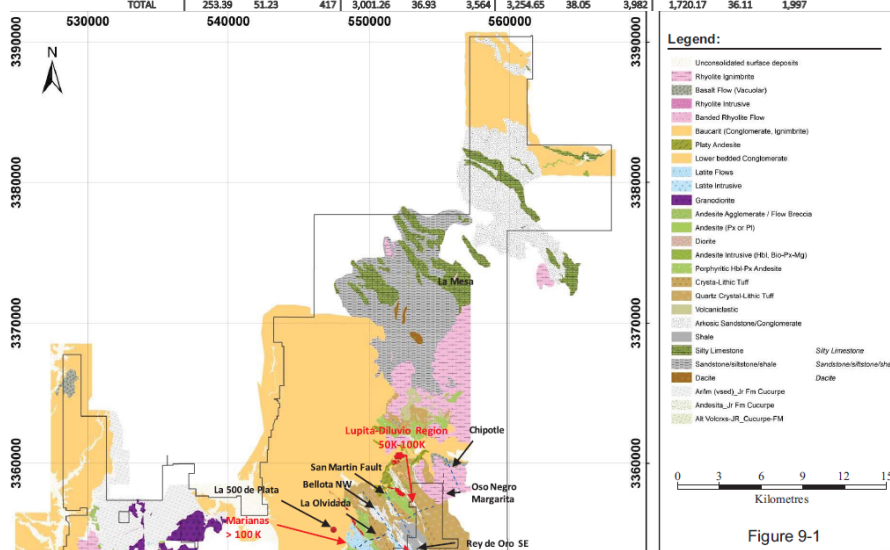


Figure 9-1
Premier Gold Mines Limited
Mercedes Gold-Silver Mine
State of Sonora, Mexico
Exploration Targets

Source: Company

A 2018 technical report by RPA Inc. projected a remaining life of 4 years with the following production profile. The average annual production is estimated to be approximately 80 Koz gold and 500 Koz silver. RPA estimated total sustaining CAPEX of \$38 million (approximately \$13 million spent by the end of Q1-2019). The report did not present any NPV or IRR estimates.

Production Forecast / 2018 Technical Report

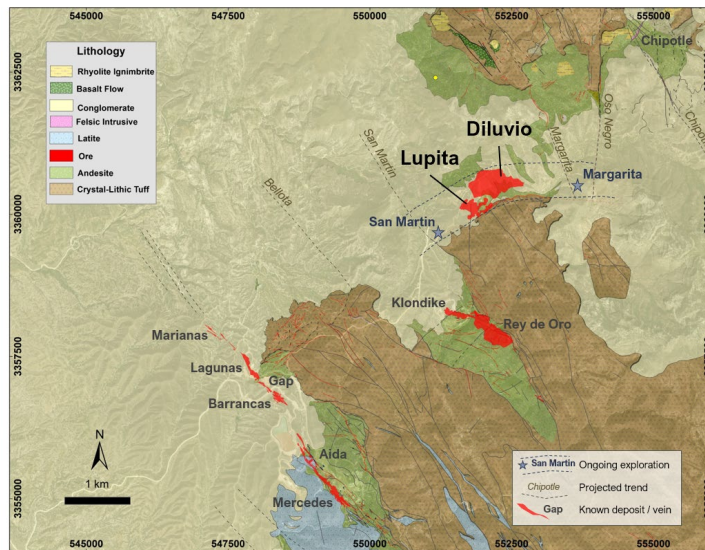
| Category | Units | Totals | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|--------|--------|------|------|------|------|------|
| Total Process Tonnes | t 000 | 3,290 | 618 | 704 | 710 | 717 | 540 |
| Au Head Grade | g/t | 3.9 | 4.3 | 4.4 | 3.9 | 3.5 | 3.6 |
| Ag Head Grade | g/t | 24.2 | 29.7 | 29.8 | 29.6 | 18.6 | 10.7 |
| Au Contained Oz | oz 000 | 417 | 85 | 100 | 89 | 81 | 62 |
| Ag Contained Oz | oz 000 | 2,555 | 589 | 675 | 675 | 430 | 186 |
| Au Recovery | % | 95 | 95 | 95 | 95 | 95 | 95 |
| Ag Recovery | % | 40 | 40 | 40 | 40 | 40 | 40 |
| Au Recovered Oz | oz 000 | 417 | 85 | 100 | 89 | 81 | 62 |
| Ag Recovered Oz | oz 000 | 2,555 | 589 | 675 | 675 | 430 | 186 |

Source: Technical Report

Exploration Upside

The technical report suggests that the property area has approximately 45 km of untested structures with potential for low sulphidation gold-silver bearing vein systems. **Premier believes there is potential to delineate an additional resource of 0.5 - 1.5 AuEq ounces on the property. This year, the company is focused on resource expansion / upgrade at Diluvio, Lupita, and Marianas to reserves.** Marianas is considered to be a down-plunge extension of mineralization at the main Mercedes mine, and has potential for higher grades. Recent drilling has also discovered favourable veining and mineralization in newly tested areas to the west of Lupita (at San Martin) and to the east of Diluvio (at Margarita).

Key Targets



Source: Company

We expect the ongoing drill program to offer a number of catalysts for Premier this year, especially considering that continued success at the key targets will extend Mercedes’ mine life.

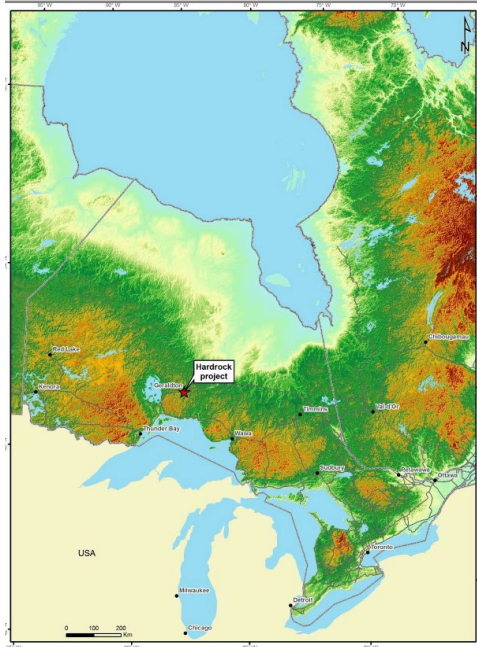
Overview and Location

The Greenstone gold project is a 50/50 partnership between Premier and Centerra Gold. The property, formerly known as the Trans-Canada property, is located in the Geraldton-Beardmore Greenstone belt, approximately 275 km northeast of Thunder Bay, Ontario. Its

*Greenstone
Gold, Ontario
(FS
Completed)*

location and infrastructure are excellent due to its proximity to the Trans-Canada Highway, a Trans-Canada natural gas pipeline, a Hydro One electrical substation, and a number of active mines and processing facilities in the region.

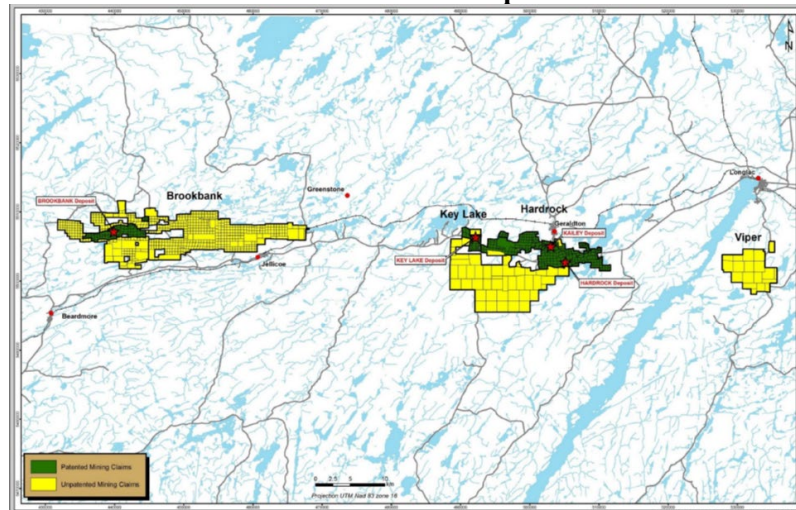
Project Location



Source: Company

The property consists of four claim groups spread out over 100 km – namely Hardrock, Brookbank, Key Lake and Viper.

Four Claim Groups

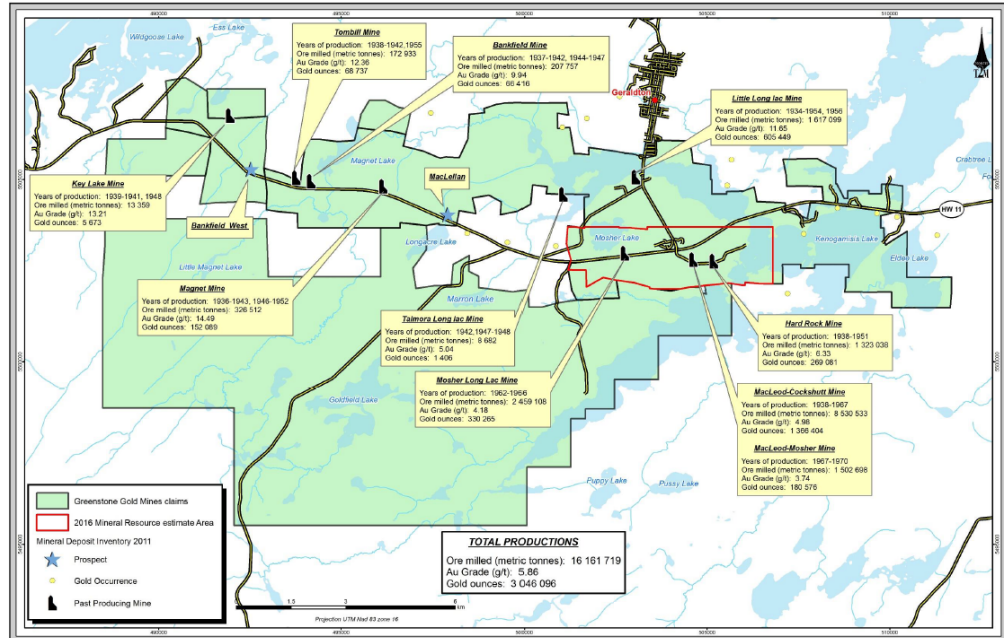


Source: Company

History

Between 1930 and 1970, over 4 Moz (0.22 opt) of gold was produced from multiple underground mines. Hardrock was the largest producer and produced over 3 Moz.

Historic Gold Producers on the Hardrock Project



Source: Company

Between 1980 and 2000s, multiple entities explored the property area and conducted geochemical sampling, ground geophysical surveys and drilling. **Premier acquired the property in 2008. Subsequent drilling resulted in a resource estimate in 2010, a PEA in 2014, and a FS in 2016, on the Hardrock open-pit deposit.** In 2015, Premier and Centerra formed a 50/50 JV on the entire Greenstone gold property. Centerra paid Premier C\$96 million, and committed to invest the next C\$185 million into the project, of which, C\$76.5 million was spent by the end of Q1-2019. Spending will be split 50/50 after Centerra invests the full C\$185 million.

Reserve / Resource Estimate

Two main styles of mineralization at the Hardrock deposit are quartz-carbonate stringer mineralization and sulfide replacement mineralization. The 2016 FS indicated reserves of 4.65 Moz (1.02 gpt) gold for the Hardrock (open-pit) deposit. Premier’s 50% equates to 2.32 Moz gold at 1.02 gpt.

Reserves – Hardrock (open-pit) – 100% Interest

| Category | Diluted Ore Tonnage (kt) | Diluted Grade (g Au/t) | Contained Metal (koz Au) |
|----------------------|--------------------------|------------------------|--------------------------|
| Proven | - | - | - |
| Probable | 141,715 | 1.02 | 4,647 |
| Total P&P | 141,715 | 1.02 | 4,647 |

Source: Company

In addition to the reserves, the report also indicated a measured and indicated resource of 2.82 Moz (2.15 gpt), and an inferred resource of 2.72 Moz (1.36 gpt) across the Hardrock, and three other deposits (Kailey, Brookbank and Key Lake). **Premier’s 50% interest is a measured and indicated resource of 1.41 Moz (2.15 gpt), and an inferred resource of 1.36 Moz (1.36 gpt).**

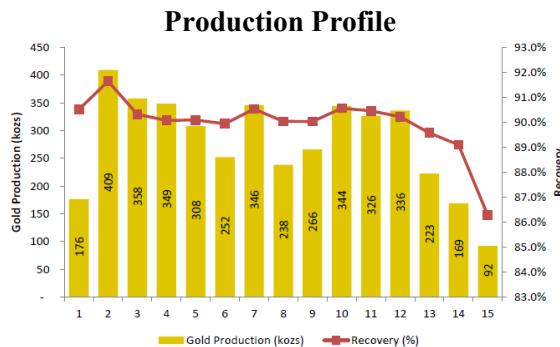
Resource Estimate – Greenstone Property

| Deposit | Cut-off Category | Resource Category | Tonnes (Mt) | Gold Grade (g/t Au) | Gold Ounces ('000's) |
|-------------------|-----------------------|---------------------------|--------------|---------------------|----------------------|
| Hardrock | Open Pit (O/P) | Measured (M) | - | - | - |
| | | Indicated (I) | 5.70 | 0.36 | 66 |
| | | Subtotal M & I | 5.70 | 0.36 | 66 |
| | Inferred | 0.10 | 0.87 | 2 | |
| Brookbank | Open Pit | Measured (M) | - | - | - |
| | | Indicated (I) | 1.32 | 2.02 | 86 |
| | | Subtotal M & I | 1.32 | 2.02 | 86 |
| | Inferred | 0.09 | - | 7 | |
| Kailey | Open Pit | Measured (M) | - | - | - |
| | | Indicated (I) | 0.93 | 7.21 | 215 |
| | | Subtotal M & I | 0.93 | 7.21 | 215 |
| | Inferred | 0.20 | 4.09 | 27 | |
| Key Lake | Open Pit | Measured (M) | - | - | - |
| | | Indicated (I) | 2.03 | 1.07 | 70 |
| | | Subtotal M & I | 2.29 | 0.86 | 63 |
| | Inferred | 4.32 | 0.96 | 133 | |
| Combined Deposits | Open Pit | Measured (M) | - | - | - |
| | | Indicated (I) | - | - | - |
| | | Subtotal M & I | - | - | - |
| | Inferred | - | - | - | |
| Overall Deposits | Open Pit | Measured (M) | - | - | - |
| | | Indicated (I) | 1.29 | 1.17 | 49 |
| | | Subtotal M & I | 1.29 | 1.17 | 49 |
| | Inferred | 0.67 | 1.30 | 28 | |
| Overall Deposits | Underground | Measured (M) | - | - | - |
| | | Indicated (I) | 0.02 | 6.02 | 3 |
| | | Subtotal M & I | 0.02 | 6.02 | 3 |
| | Inferred | 0.03 | 3.75 | 4 | |
| Overall Deposits | Open Pit | Total M & I | 12.62 | 0.82 | 332 |
| | | Total Inferred | 2.70 | 1.09 | 94 |
| | | Total M & I | 7.79 | 4.30 | 1,077 |
| | Total Inferred | 10.98 | 3.58 | 1,265 | |
| Overall Deposits | Underground | Total M & I | 20.41 | 2.15 | 1,410 |
| | | Total Inferred | 13.68 | 3.09 | 1,360 |

Source: Company

2016 Feasibility Study Results

The FS showed a 14.5 year mine life for total production of 4.2 Moz, at an average throughput of 27,000 t/d. Gold production was estimated to average 356 Koz per year from years 2 to 5 of production, with an average grade of 1.27 gpt gold, and an average recovery of 90.6%. The gold recovery process consists of crushing, grinding, pre-leach thickening, and a leach and carbon in pulp (“CIP”) circuit.



Source: Technical Report

The initial CAPEX was estimated to be C\$1.25 billion, with an average operating cost of C\$705 per oz, and an average AISC of C\$780 per oz. **Based on a long-term gold price of**

\$1,250/oz, and a C\$/US\$ exchange rate of 1.3, the FS showed an AT-NPV at 5% of C\$709 million, and an AT-IRR of 14.4%.

FS Summary

| Project Economics | | Results |
|--|--------|---------|
| Production Summary | | |
| Tonnage Mined | Mt | 691 |
| Ore Processed | Mt | 142 |
| Average Head Grade | g Ault | 1.02 |
| Gold Processed / Contained Gold | koz | 4,847 |
| Recovery | % | 90.2% |
| Gold Production | koz | 4,193 |
| Cash Flow Summary | | |
| Gross Revenue | M CAD | 6,795 |
| Mining Costs (including rehandle) | M CAD | (1,412) |
| Processing Costs | M CAD | (1,061) |
| G&A Costs | M CAD | (205) |
| Royalty, Refining and Other Costs | M CAD | (272) |
| Total Operating Costs | M CAD | (2,950) |
| Operating Cash Flow Before Taxes | M CAD | 3,845 |
| Initial CAPEX | M CAD | (1,247) |
| Sustaining Capital | M CAD | (257) |
| Total Capital | M CAD | (1,504) |
| Salvage Value | M CAD | 38 |
| Closure Costs | M CAD | (54) |
| Taxes (mining, provincial and federal) | M CAD | (690) |
| Before-Tax Results | | |
| Before-Tax Undiscounted Cash Flow | M CAD | 2,325 |
| NPV 5% Before-Tax | M CAD | 1,095 |
| Project Before-Tax Payback Period | Years | 3.9 |
| Project Before-Tax IRR | % | 17.9% |
| After-Tax Results | | |
| After-Tax Undiscounted Cash Flow | M CAD | 1,636 |
| NPV 5% After-Tax | M CAD | 709 |
| Project After-Tax Payback Period | Years | 4.5 |
| Project After-Tax IRR | % | 14.4% |

Sensitivity

| Discount Rate | Before-Tax Project NPV (M CAD) | After-Tax Project NPV (M CAD) |
|---------------|--------------------------------|-------------------------------|
| 5% | 1,095 | 709 |
| 6% | 933 | 587 |
| 7% | 791 | 481 |
| 8% | 667 | 387 |

| Feasibility Study (FS) Variable | NPV 5% | | | IRR | | |
|---------------------------------|---------------|------------|---------------|---------------|------------|---------------|
| | -15 % (CAD M) | FS (CAD M) | +15 % (CAD M) | -15 % (% IRR) | FS (% IRR) | +15 % (% IRR) |
| Operating Costs | 873 | 709 | 543 | 16.3 | 14.4 | 12.4 |
| Capital Costs | 824 | 709 | 590 | 17.4 | 14.4 | 12.1 |
| Exchange Rate (CAD/USD) | 314 | 709 | 1,093 | 9.6 | 14.4 | 18.5 |
| Gold Price | 293 | 709 | 1,113 | 9.2 | 14.4 | 19.0 |

Source: Technical Report

The project has already received federal and provincial EA approval. Management’s timeline for the project is a pre-production period (including construction) of 3.5 years. The company is also actively engaged in building relationships with local and aboriginal communities.

A 2019 core and reverse circulation drilling program has recently been completed, and **updated reserve and resource estimates are expected by year end**. The total budget for 2019 is C\$54 million; which will be entirely funded by Centerra.

Overview

The Cove project, covering 28,218 acres, is located in the Battle Mountain trend in north Nevada, approximately 20 km south of Newmont’s Phoenix mine, and 50 km southwest of Battle Mountain. It is also 88 miles southwest of the South Arturo project.

Cove Project, Nevada (PEA Completed)

Project Location

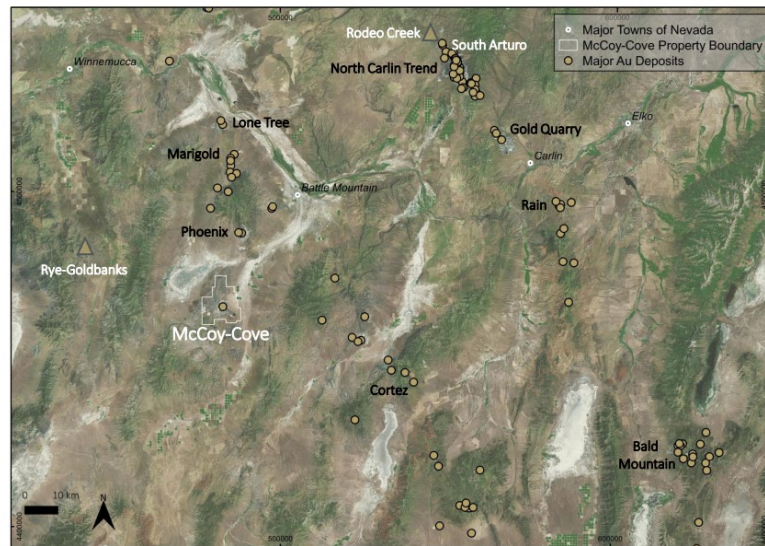
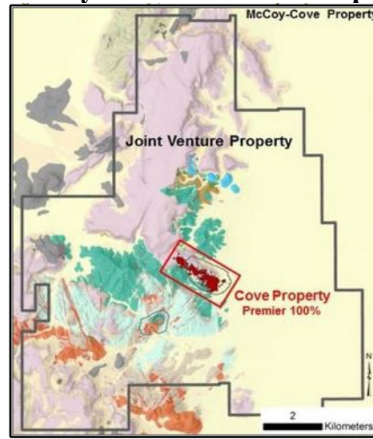


Source: Company

The Cove property lies within a much larger land package named McCoy-Cove. Premier had acquired the entire package from Newmont and Victoria Gold (TSXV: VIT) during 2012 – 2014. Premier paid Victoria Gold C\$28 million (C\$24 million in cash and the rest in shares) over a period of two years. There is a deferred payment obligation of an additional C\$20 million, to be paid upon the project achieving certain milestones post commercial production. Premier paid Newmont \$21 million over an 18 month period (2014-2016).

In 2018, Premier entered into an earn-in agreement with Barrick, wherein **Barrick can earn a 60% interest** in the exploration portion of the project (named the McCoy Joint Venture) by spending \$22.5 million in exploration by June 2022. **The McCoy JV excludes the Cove deposit, where Premier retains a 100% interest.**

McCoy JV and the Cove Deposit



Source: Company

History

The Cove open pit deposit, and the McCoy open pit deposit (oxide / sulphide / heap leach), were mined between 1987 and 2006, with production of 3.4 Moz of gold, and 110 Moz of silver. Grades of the oxides and sulphides ranged between 2.5 and 3.2 gpt gold, and 92 and 124 gpt silver. Echo Bay Mines Ltd. held the project from 1985 to 2001, Newmont and Victoria held the project from 2008 to 2013. **After taking control, Premier drilled 115 diamond drill holes totaling 284,862 ft and completed a PEA in 2018.**

Resource Estimate

Based on a database of 387 core drill holes totaling 548,038 feet, and 1,010 RC holes totaling 579,443 feet, the 2018 PEA showed a **measured and indicated resource of 342 Koz (11.21 gpt) and an inferred resource of 1.32 Moz (11.23 gpt) - making it one of the highest grade undeveloped gold deposits in the U.S.**

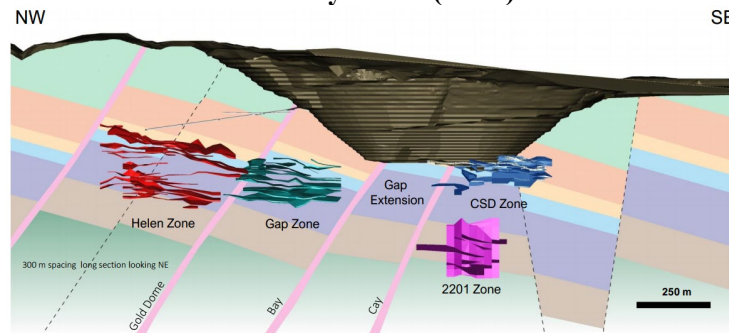
Resource Estimate (Cove)

| | Tons (000) | Tonnes (000) | Au (opt) | Au g/t | Ag (opt) | Ag (g/t) | Au ozs (000) | Ag ozs (000) |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Indicated Mineral Resource | | | | | | | | |
| Helen | 577 | 524 | 0.369 | 12.66 | 0.103 | 3.54 | 213 | 60 |
| Gap | 167 | 151 | 0.357 | 12.23 | 0.431 | 14.78 | 60 | 72 |
| CSD | 301 | 273 | 0.229 | 7.86 | 2.556 | 87.63 | 69 | 768 |
| Total Indicated | 1,045 | 948 | 0.327 | 11.21 | 0.861 | 29.53 | 342 | 900 |
| Inferred Mineral Resource | | | | | | | | |
| Helen | 1,493 | 1,355 | 0.335 | 11.49 | 0.118 | 4.06 | 500 | 177 |
| Gap | 1,731 | 1,570 | 0.317 | 10.88 | 0.457 | 15.67 | 549 | 791 |
| CSD | 503 | 456 | 0.204 | 7.00 | 2.266 | 77.68 | 103 | 1,140 |
| 2201 | 310 | 282 | 0.546 | 18.72 | 1.127 | 38.65 | 169 | 350 |
| Total Inferred | 4,037 | 3,663 | 0.327 | 11.23 | 0.609 | 20.87 | 1,322 | 2,457 |

Source: Technical Report

The Cove deposit consists of the Helen, Gap, Cove South Deep (CSD), and 2201 zones – all located beneath, and extend approximately 2,000 feet northwest from the historical Cove open pit. The Helen and Gap zones are Carlin style disseminated refractory gold deposits. The CSD gold and silver mineralization is associated with disseminated sulfides, and the 2201 zone is comprised of disseminated sulfides within sheeted stockwork veins with high concentrations of lead and zinc.

Primary Zones (Cove)



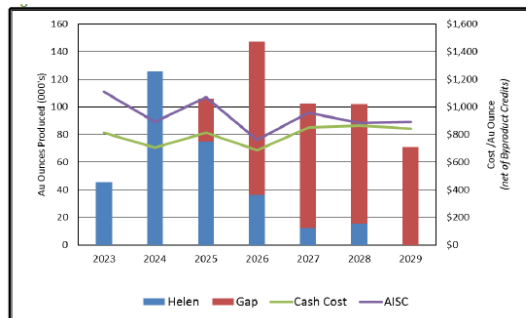
Source: Company

The 2018 PEA showed a 8 year underground mine (1,270 tpd to 1,360 tpd) producing a total of 740 Koz at 0.305 gpt project, for an AT- NPV at 5% of \$142 million, an AT-NPV at 8% of \$118 million, and a very high AT-IRR of 48%, using a \$1,250 per oz gold price. The average annual production was estimated at 92 Koz. The initial CAPEX was estimated at \$73 million, and the cash cost was estimated at \$790 per oz. The low CAPEX is because the study assumed processing at a third-party roaster and autoclave.

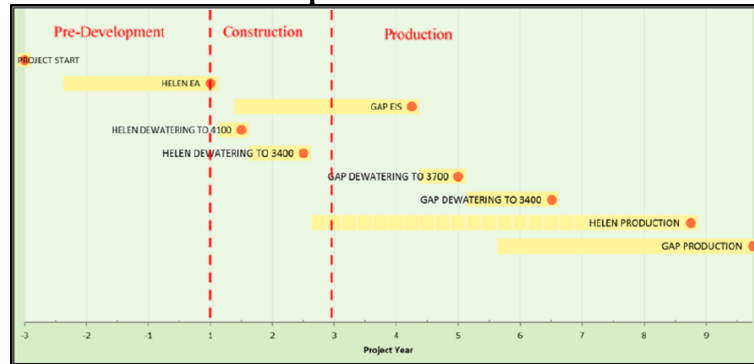
2018 PEA Highlights

| | |
|---|--------------|
| Gold price - base case (US\$/oz) | \$1,250.00 |
| Silver price - base case (US\$/oz) | \$17.00 |
| Mine life (years) | 8.0 |
| Maximum mining rate (tons/day) | 1,360.0 |
| Average grade (oz/t Au) | 0.305 |
| Average gold recovery (roaster %) | 79% |
| Average gold recovery (autoclave %) | 86% |
| Average annual gold production (koz) | 92 |
| Total recovered gold (koz) | 740 |
| Pre-development capital (\$M) | \$26 |
| Mine construction capital (\$M) | \$47 |
| Sustaining capital (M\$) | \$68 |
| Development Decision Date | January 2021 |
| Cash cost (US\$/oz) ² | \$790 |
| All-in sustaining cost (US\$/oz) ² | \$924 |
| Project after-tax NPV _{5%} (M\$) | \$142 |
| Project after-tax IRR | 48% |
| Payback Period | 4.0 Years |
| Profitability Index ^{5,6} | 2.4 |

Production Profile



Expected Timeline

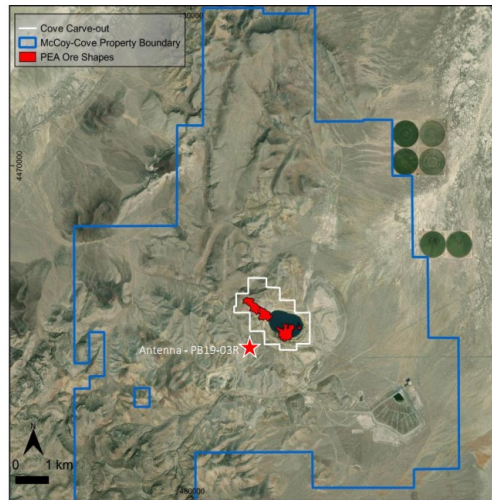


Source: Technical Report

Premier is preparing for underground development expected to begin in H2-2019 and expects to complete a Feasibility Study in 2020.

Drilling is underway at the McCoy JV (between Barrick and Premier) where the partners have been testing several targets in close proximity to Premier’s 100% owned lands. Gold mineralization has been intersected in several of the targets including the Antenna target, located approximately 800 m southwest of Cove’s Helen-Gap deposit shown on the previous page.

Antenna Discovery



Source: Technical Report

Management and Directors

Barrick is expected to spend over \$5 million in 2019.

The CEO, Ewan Downie, is the largest individual shareholder with 2% of the total outstanding shares. Premier’s management and board members hold 5.74 million shares, or 2.7% of the total outstanding shares. In addition, according to management, **key institutions hold 43.3%.**

| Management and Directors | Position Since | % of Total | % of Total |
|--------------------------------------|----------------|------------------|--------------|
| John A. Begeman, Executive Chairman | 2006 | 566,056 | 0.27% |
| Ewan S. Downie, CEO and Director | 2006 | 4,200,278 | 2.00% |
| Claude Lemasso, Independent Director | 2012 | 139,500 | 0.07% |
| Ronald Little, Independent Director | 2015 | 56,050 | 0.03% |
| Anthony Makuch, Independent Director | 2016 | 44,000 | 0.02% |
| John Seaman, Independent Director | 2006 | 174,605 | 0.08% |
| Michael Vitton, Independent Director | 2013 | 557,000 | 0.26% |
| Total | | 5,737,489 | 2.73% |

| Institutions | % of Total |
|---------------------------|--------------------------|
| Orion Mine Finance | 24,351,776 11.57% |
| Tocqueville | 16,563,560 7.87% |
| Fidelity SelectCo | 13,126,122 6.24% |
| M&G Investment Management | 12,367,154 5.88% |
| Van Eck Associates | 12,214,541 5.80% |
| Oppenheimer | 8,150,924 3.87% |
| Dimensional Fund Advisors | 4,271,425 2.03% |
| Total | 91,045,502 43.27% |

| | | |
|--------------|-------------------|---------------|
| Total | 96,782,991 | 45.99% |
|--------------|-------------------|---------------|

Source: Company / Management Information Circular

Brief biographies of the management team and board members, as provided by the company, follow:

John Begeman: Executive Chairman

Over 35 years' experience in mining - Former VP western operations for Goldcorp, COO Wolfden Resources, President of Avion Gold Corp and is currently a director of Yamana Gold Inc. and African Gold Group Inc.

Ewan Downie: CEO, President and Director

Over 25 years' experience in the exploration and mining industry - Founder of Wolfden Resources - recipient of the PDAC "Bill Dennis Prospector Of The Year" award and several Exploration and Development awards from the Northwestern Ontario Prospectors Association

Steve Filipovic: Chief Financial Officer

Over 18 years' experience in financial management and reporting, M&A, and international risk management, taxation and structuring. Previously held senior finance and director roles with several listed mining companies.

Stephen McGibbon: Executive Vice-President Corporate & Project Development

Over 30 years of exploration, mine production and management experience - Former Chief Geologist and Exploration Manager at the Red Lake Mine (Goldcorp) and senior member of the team that discovered the "High Grade Zone"

Brent Kristof: Senior Vice-President Operations

Over 35 years of experience in and leadership of underground and surface mining operations. Previously COO of Klondex, GM (Turquoise Ridge Mine), and several years managing operations for Newmont and Barrick in Canada, Nevada, Australia, and Papua New Guinea.

Claude Lemasson: Independent Director

Over 20 years of mining and development experience - Previously held senior mine development and operational roles with Goldcorp Inc. - formerly President and CEO Guyana Goldfields Inc. - currently President and CEO of Eastmain Resources

Ron Little: Independent Director

Over 30 years experience in the mining industry – Formerly President and CEO of Orezone Gold Corporation

Tony Makuch: Independent Director

Over 20 years of direct mining experience - formerly Executive Vice President / President of Canadian Operations of Tahoe Resources Inc., President and CEO of Lake Shore Gold Corp. - currently President and CEO of Kirkland Lake Gold

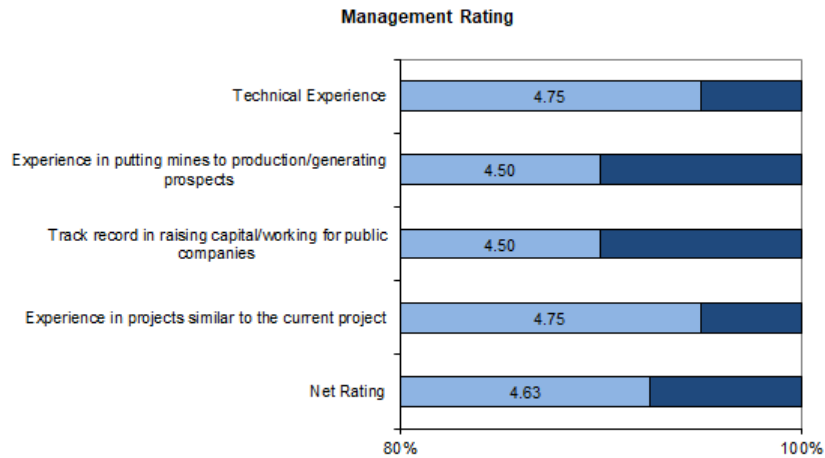
John Seaman: Independent Director

Former CFO of Premier Gold Mines and Wolfden Resources Inc. - Currently President and CEO of a large private security Company

Mike Vitton: Independent Director

Over 30 years experience in the mining finance industry - Formerly Executive Managing Director, Head, US Equity Sales, BMO Capital Markets, Seat Holder, NYSE; and President, New York Society of Metals Analysts.]

Our net rating on the company’s management team is 4.6 out of 5.0 (see below).



Source: FRC

The company’s board has seven members, of which, five are independent. The following table shows our analysis of the strength of the company’s board.

| Strength of Board | | | |
|--|------|---------|------|
| | Poor | Average | Good |
| Five out of seven directors are independent | | | X |
| Directors' Share Ownership | | | X |
| The Audit committee is composed of three board members, all are independent | | | X |
| The Compensation committee is composed of three board members, all are independent | | | X |

Source: FRC

2017 was the only full year of production by the two operating mines. Premier reported revenues of \$114 million in 2018 versus \$200 million in 2017. In H1-2019, the company reported \$46 million in revenues versus \$67 million in H1-2018. Revenues dropped due to lower production from its South Arturo mine, as mentioned earlier in this report.

Financials

| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
|-----------------------|----------------|-----------------|----------------|----------------|---------------|---------------|---------------|----------------|----------------|
| \$M | 2016* | 2017 | 2018 | Q1-2018 | Q1-2019 | Q2-2018 | Q2-2019 | 2018 (6M) | 2019 (6M) |
| Mercedes Revenues | \$18.95 | \$112.09 | \$86.11 | \$23.25 | \$23.12 | \$19.60 | \$21.82 | \$42.85 | \$44.94 |
| Cost of Sales | -\$11.43 | -\$60.60 | -\$62.74 | -\$16.50 | -\$14.72 | -\$17.68 | -\$18.01 | -\$34.18 | -\$32.73 |
| Gross Profit | \$7.52 | \$51.49 | \$23.37 | \$6.75 | \$8.40 | \$1.92 | \$3.82 | \$8.67 | \$12.21 |
| Gross Margin | 39.7% | 45.9% | 27.1% | 29.0% | 36.3% | 9.8% | 17.5% | 20.2% | 27.2% |
| South Arturo Revenues | \$95.08 | \$88.22 | \$27.76 | \$15.93 | 0 | \$7.87 | \$1.17 | \$23.80 | \$1.17 |
| Cost of Sales | -\$18.20 | -\$24.97 | -\$9.02 | -\$4.84 | 0 | -\$2.86 | -\$0.32 | -\$7.70 | -\$0.32 |
| Gross Profit | \$76.88 | \$63.25 | \$18.74 | \$11.09 | 0 | \$5.01 | \$0.85 | \$16.10 | \$0.85 |
| Gross Margin | 80.9% | 71.7% | 67.5% | 69.6% | | 63.7% | 72.9% | 67.7% | 72.9% |
| Total Revenues | \$114.02 | \$200.31 | \$113.87 | \$39.18 | \$23.12 | \$27.47 | \$22.99 | \$66.65 | \$46.11 |
| Cost of Sales | -\$29.63 | -\$85.57 | -\$71.76 | -\$21.34 | -\$14.72 | -\$20.54 | -\$18.33 | -\$41.88 | -\$33.05 |
| Gross Profit | \$84.40 | \$114.74 | \$42.10 | \$17.84 | \$8.40 | \$6.93 | \$4.67 | \$24.77 | \$13.07 |
| Gross Margin | 74.0% | 57.3% | 37.0% | 45.5% | 36.3% | 25.2% | 20.3% | 37.2% | 28.3% |

*2016 figures were converted to US\$ at CS/US\$ of 1.32.

| | 2017 | 2018 | Q1-2018 | Q1-2019 | Q2-2018 | Q2-2019 | 2018 (6M) | 2019 (6M) |
|--------------------------------------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| Gold Production (oz) | 139,658 | 89,699 | 30,550 | 17,614 | 16,007 | 16,449 | 46,557 | 34,063 |
| Silver Production (oz) | 357,901 | 321,814 | 59,826 | 57,681 | 51,746 | 51,792 | 111,572 | 109,473 |
| Gold Sold (oz) | 155,727 | 87,036 | 29,275 | 17,520 | 20,642 | 17,358 | 49,917 | 34,878 |
| Silver Sold (oz) | 338,831 | 299,819 | 66,210 | 62,581 | 58,098 | 56,484 | 124,308 | 119,065 |
| Gold Revenues (\$M) | \$194.6 | \$109.7 | \$37.9 | \$22.2 | \$26.4 | \$22.2 | \$64.4 | \$44.3 |
| Silver Revenues (\$M) | \$5.7 | \$4.2 | \$1.2 | \$1.0 | \$1.1 | \$0.8 | \$2.3 | \$1.8 |
| Total Revenues (\$M) | \$200.3 | \$113.9 | \$39.2 | \$23.1 | \$27.5 | \$23.0 | \$66.7 | \$46.1 |
| Mine Operating Income (\$M) | \$64.0 | \$16.6 | \$9.6 | \$3.7 | -\$1.2 | -\$0.7 | \$8.4 | \$3.0 |
| Realized Gold Price (\$/oz) | \$1,254 | \$1,264 | \$1,300 | \$1,271 | \$1,283 | \$1,283 | \$1,293 | \$1,277 |
| Realized Silver Price (\$/oz) | \$17 | \$16 | \$17 | \$16 | \$16 | \$15 | \$17 | \$15 |
| Cash costs per ounce of gold (\$/oz) | \$508 | \$771 | \$691 | \$786 | \$949 | \$1,005 | \$924 | \$895 |
| AISC per ounce of gold sold (\$/oz) | \$615 | \$917 | \$816 | \$1,098 | \$1,079 | \$1,227 | \$798 | \$1,162 |
| CAPEX (sustaining) - \$M | \$9.6 | \$7.0 | \$1.8 | \$4.2 | \$1.8 | \$2.4 | \$3.6 | \$6.6 |
| CAPEX (expansionary) - \$M | \$9.8 | \$18.8 | \$3.1 | \$6.5 | \$4.2 | \$8.0 | \$7.2 | \$14.5 |
| Total CAPEX - \$M | \$19.4 | \$25.8 | \$4.9 | \$10.7 | \$6.0 | \$10.4 | \$10.8 | \$21.1 |

Source: Company / FRC

Despite the significant drop in production, gross and EBITDA margins were higher than gold industry averages in 2018 and Q1-2019, and lower than industry averages in Q2-2019.

| Margins | 2016* | 2017 | 2018 | Q1-2018 | Q1-2019 | Q2-2018 | Q2-2019 | 2018 (6M) | 2019 (6M) | Gold Industry Average |
|---------|-------|-------|--------|---------|---------|---------|---------|-----------|-----------|-----------------------|
| Gross | 74.0% | 57.3% | 37.0% | 45.5% | 36.3% | 25.2% | 20.3% | 37.2% | 28.3% | 30.2% |
| EBITDA | 63.2% | 51.8% | 26.1% | 34.5% | 26.2% | 15.7% | -3.0% | 26.7% | 11.6% | 21.2% |
| EBIT | 18.2% | 26.5% | 3.7% | 13.6% | 5.8% | -13.9% | -26.2% | 2.2% | -10.1% | 12.6% |
| EBT | 16.9% | 22.1% | 0.4% | 10.1% | 3.5% | -17.9% | -30.3% | -1.4% | -13.3% | |
| Net | -0.5% | 8.1% | -17.9% | -5.2% | -4.0% | -27.9% | -43.8% | -14.5% | -23.9% | 1.2% |

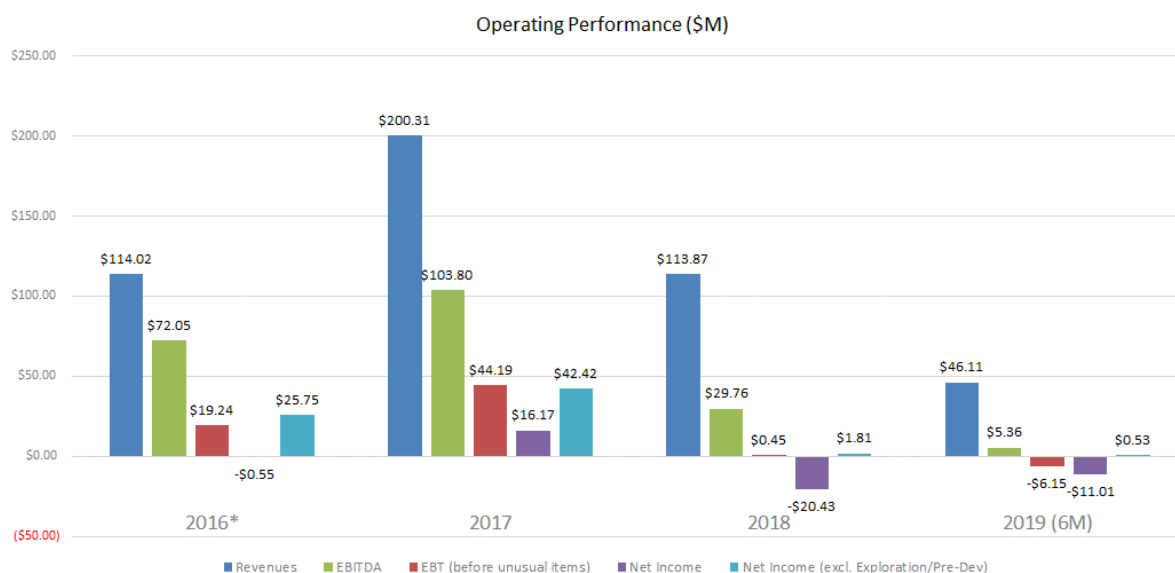
| Expenses | 2016* | 2017 | 2018 | Q1-2018 | Q1-2019 | Q2-2018 | Q2-2019 | 2018 (6M) | 2019 (6M) |
|-----------------------------|-------|------|------|---------|---------|---------|---------|-----------|-----------|
| G&A Expense / Revenues | 7.7% | 3.9% | 8.4% | 5.0% | 8.9% | 8.4% | 12.4% | 6.4% | 10.7% |
| Property Maint. / Revenues | 0.5% | 0.2% | 0.2% | 0.3% | 0.7% | 0.1% | 0.6% | 0.3% | 0.7% |
| Stock Based Comp / Revenues | 2.6% | 1.4% | 2.3% | 5.7% | 0.5% | 1.0% | 10.3% | 3.8% | 5.4% |

*2016 figures were converted to US\$ at CS/US\$ of 1.32.

Source: Company Data / FRC

EBITDA was \$5 million in H1-2019 versus \$18 million in H1-2018. The company reported a net loss of \$11 million (EPS: -\$0.05) in H1-2019, versus \$10 million (EPS: -\$0.05) in H1-

2018. The net losses included \$11.54 million spending on exploration / pre-development in H1-2019 and \$12.62 million in H1-2018. **Excluding exploration / pre-development spending, the company reported net profit in every period since 2016, as shown in the chart below.**



*2016 figures were converted to US\$ at C\$/US\$ of 1.32.

Source: Company Data / FRC

Free Cash Flow (“FCF”) was -\$34 million in H1- 2019, versus -\$12 million in H1-2018. FCF had also dropped significantly YoY in 2018, **due to the increased CAPEX spending**, as shown by the ‘Cash flow from Investing’ line in the table below.

| Cash Flows (\$M) | 2016* | 2017 | 2018 | 2018 (6M) | 2019 (6M) |
|----------------------------|----------------|----------------|------------------|------------------|------------------|
| Funds Flow from Operations | \$52.39 | \$67.25 | (\$2.79) | \$3.70 | (\$2.91) |
| Cash Flow from Operations | \$43.84 | \$64.05 | (\$10.69) | (\$0.36) | (\$8.18) |
| Cash Flow from Investing | (\$155.57) | (\$21.23) | (\$27.98) | (\$11.98) | (\$25.96) |
| Cash Flow from Financing | \$146.50 | (\$30.07) | (\$20.75) | (\$20.80) | \$17.05 |
| FOREX | \$0.57 | \$0.25 | \$1.14 | (\$2.14) | (\$0.40) |
| Net Change in Cash | \$35.34 | \$13.00 | (\$58.27) | (\$35.28) | (\$17.49) |
| Free Cash Flows | (\$111.74) | \$42.82 | (\$38.67) | (\$12.34) | (\$34.14) |

*2016 figures were converted to US\$ at C\$/US\$ of 1.32.

Source: Company Data / FRC

Balance Sheet

At the end of Q2-2019, the company had \$26 million in cash. Working capital was \$36 million, with a current ratio of 1.97x.

| Liquidity Analysis (\$M) | 2016 | 2017 | 2018 | Q2-2019 | Gold Industry Average |
|--------------------------|----------|----------|---------|---------|-----------------------|
| Cash and Equivalents | \$89.15 | \$103.05 | \$43.88 | \$26.39 | |
| Working Capital | \$123.68 | \$85.83 | \$53.56 | \$35.74 | |
| Current Ratio | 3.68 | 2.49 | 2.62 | 1.97 | 1.50 |
| Debt / Capital | 24.67% | 15.25% | 7.80% | 9.59% | 41% |
| LT Debt / Capital | 20.38% | 6.18% | 3.65% | 5.80% | |
| EBIT to Interest | 13.4 | 6.0 | 1.1 | -3.2 | |

Source: Company Data / FRC

In January 2019, the company finalized a **\$50 million secured revolving term credit facility** with Investec Bank plc. **No amount was drawn** from this facility at the end of Q2-2019.

At the end of Q2, the company had approximately **\$30 million in deferred revenues (gold prepay agreement) and debt, reflecting debt to capital of 10%, versus the industry average of 41%**. Of this, approximately \$11 million was related to a gold prepay agreement, and \$19 million was related to a silver stream arrangement with Orion Mine Finance. Premier had originally entered into a transaction with Orion in 2016, to fund the Mercedes acquisition.

- Gold prepay (2,450 troy ounces of gold per quarter for 15 quarters) - at the end of Q2-2019, the company had delivered 26,950 oz (11 quarters) of a total required 36,750 oz.
- Silver prepay - deliver 100% of Premier’s share of silver production from the Mercedes, and the South Arturo mine, until the delivery of 3.75 Moz of silver, after which, the delivery will be reduced to 30% of the silver production in perpetuity. Orion will pay 20% of the prevailing silver price.

Stock Options and Warrants: The company had 12.30 million options (weighted average exercise price of C\$2.50) and 3.50 million warrants (weighted average exercise price of C\$2.10) outstanding at the end of Q2. **Currently, 3.52 million options and 2 million warrants are in the money, implying the company can raise up to C\$10 million if exercised.**

Management’s production guidance for 2019 is 75 Koz – 80 Koz from Mercedes, and 5 Koz – 10 Koz from South Arturo. **Based on gold sales of 77 Koz, and silver sales of 237,500 oz in 2019, we estimate 2019 revenues to be \$108 million (average gold price of \$1,400 per oz and silver price of \$16 per oz in H2-2019).** Our 2020 forecast is \$122 million, which is based on gold sales of 87.5 Koz and silver sales of 250 Koz (average gold price of \$1,350 per oz and silver price of \$16 per oz).

Revenue and
EPS Forecasts

| \$ millions except EPS | 2016* | 2017 | 2018 | 2019E | 2020E |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues | \$114.02 | \$200.31 | \$113.87 | \$108.27 | \$122.13 |
| Other Revenue | | | | | |
| Total Revenue | \$114.02 | \$200.31 | \$113.87 | \$108.27 | \$122.13 |
| Cost Of Goods Sold | \$29.63 | \$85.57 | \$71.76 | \$71.59 | \$74.00 |
| Gross Profit | \$84.40 | \$114.74 | \$42.10 | \$36.68 | \$48.13 |
| G&A | \$8.75 | \$7.89 | \$9.53 | \$10.98 | \$11.31 |
| Property Maintenance | \$0.61 | \$0.33 | \$0.24 | \$0.43 | \$0.45 |
| SBC | \$2.99 | \$2.72 | \$2.57 | \$2.54 | \$3.05 |
| Total | \$12.35 | \$10.94 | \$12.34 | \$13.95 | \$14.81 |
| EBITDA | \$72.05 | \$103.80 | \$29.76 | \$22.73 | \$33.32 |
| Depreciation & Amort. | \$51.26 | \$50.73 | \$25.57 | \$22.42 | \$25.54 |
| EBIT | \$20.79 | \$53.07 | \$4.19 | \$0.31 | \$7.78 |
| Interest | \$1.55 | \$8.89 | \$3.74 | \$2.38 | \$1.83 |
| EBT (before unusual items) | \$19.24 | \$44.19 | \$0.45 | -\$2.06 | \$5.95 |
| Exploration / Pre-Development | -\$26.30 | -\$26.25 | -\$22.23 | -\$22.50 | -\$22.50 |
| Unusual / Non-Recurring | \$11.72 | \$2.63 | \$2.19 | \$6.92 | |
| EBT | \$4.66 | \$20.56 | -\$19.60 | -\$17.64 | -\$16.55 |
| Income Tax | \$5.21 | \$4.39 | \$0.83 | -\$0.52 | \$1.49 |
| Net Income | -\$0.55 | \$16.17 | -\$20.43 | -\$17.13 | -\$18.04 |
| Basic EPS | \$0.00 | \$0.08 | -\$0.10 | -\$0.08 | -\$0.09 |

*2016 figures were converted to US\$ at C\$/US\$ of 1.32.

Source: Company Data / FRC

Valuation and Rating

As shown below, Premier's shares are trading below four of the six industry average valuation metrics we used for this analysis.

| Gold Producers | EV / Annual Production \$/oz | EV / Reserves \$/oz | EV / Resources \$/oz | EV / R | EV / EBITDA | P / B | Debt / EBITDA |
|--------------------------------|---------------------------------|------------------------|-------------------------|-------------|-------------|-------------|---------------|
| 1 Barrick | \$6,150 | \$591 | \$366 | 4.40 | 10.60 | 2.40 | 1.90 |
| 2 Newmont | \$7,085 | \$540 | n/a | 4.50 | 12.00 | 1.90 | 1.60 |
| 3 Polyus | \$6,356 | \$265 | \$123 | 5.00 | 7.80 | n/a | 2.60 |
| 4 Agnico Eagle | \$8,878 | \$756 | \$660 | 6.20 | 17.70 | 2.60 | 2.40 |
| 5 AngloGold | \$2,938 | \$199 | \$55 | 2.20 | 7.00 | 2.60 | 1.80 |
| 6 Kinross Gold | \$3,010 | \$290 | \$230 | 2.00 | 7.10 | 1.00 | 2.20 |
| 7 Gold Fields | \$3,125 | n/a | n/a | 2.40 | 6.50 | 1.70 | 2.10 |
| 8 Sibanye | \$4,366 | \$213 | \$56 | 1.30 | 7.80 | 1.50 | 3.10 |
| 9 Yamana | \$4,748 | \$379 | \$284 | 2.40 | 6.50 | 0.60 | 3.00 |
| 10 B2Gold | \$4,254 | \$623 | \$224 | 2.80 | 6.10 | 1.80 | 0.90 |
| 11 Alamos | \$5,070 | \$256 | \$254 | 3.40 | 10.40 | 0.90 | 0.00 |
| 12 Hamony | \$1,253 | \$69 | \$16 | 0.90 | 5.10 | 0.60 | 1.50 |
| 13 Eldorado Gold | \$4,938 | \$102 | \$45 | 3.10 | n/a | 0.20 | 19.40 |
| 14 Premier Gold | \$4,445 | \$113 | \$63 | 3.16 | 15.06 | 1.22 | 1.33 |
| Average (excl outliers) | \$4,758 | \$274 | \$170 | 3.13 | 8.50 | 1.57 | 2.04 |
| Min | \$1,253 | \$69 | \$16 | 0.90 | 5.10 | 0.20 | 0.00 |
| Max | \$8,878 | \$756 | \$660 | 6.20 | 17.70 | 2.60 | 19.40 |

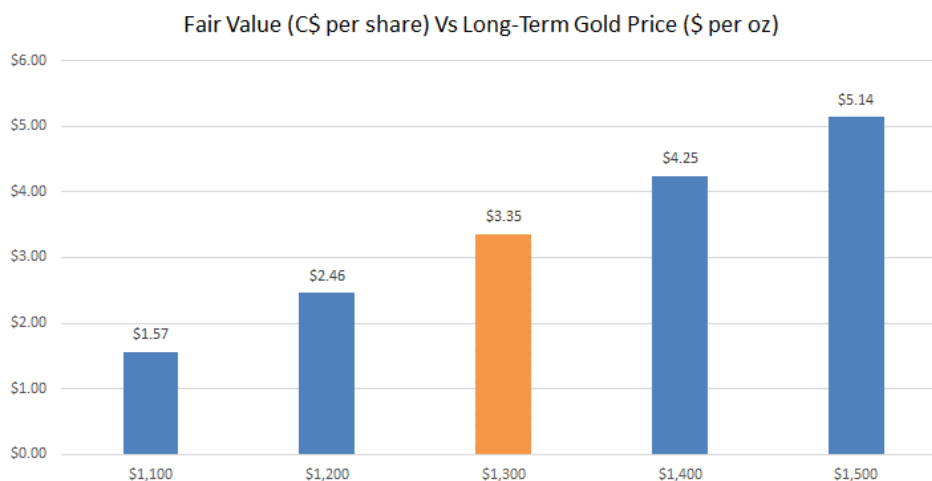
Source: S&P Capital IQ / FRC

Our Discounted Cash Flow (“DCF”) valuations on Premier’s four core projects are shown below. In addition, we valued the Hasaga project in Red Lake, Ontario based on its resource of 1.1 Moz indicated resource and 0.6 Moz inferred resource at \$44 per oz, which we estimate is the average multiple of gold juniors in the region. **Based on a sum-of-parts approach, we arrived at a fair value of C\$3.35 per share on Premier’s shares.**

| Valuation Summary | \$M | \$ per Share |
|---|-----------------|---------------|
| South Arturo (40%): AT-NPV at 10% | \$23.78 | \$0.11 |
| Mercedes (100%): AT-NPV at 10% | \$196.54 | \$0.93 |
| Hardrock (50%): AT-NPV at 10% | \$144.76 | \$0.68 |
| Cove (100%): AT-NPV at 11.5% | \$90.38 | \$0.43 |
| Hasaga (100%): \$50 per oz of M&I + 50% Inf. Resource @ \$44 / oz | \$61.05 | \$0.29 |
| Working Capital, net of Debt | \$17.48 | \$0.08 |
| Fair Value Estimate (US\$) | \$534.00 | \$2.52 |
| Fair Value Estimate (C\$) - 1.33x C\$/US\$ | \$710.22 | \$3.35 |

Source: FRC

Our models were based on a long-term gold price forecast of \$1,300 per oz. The sensitivity of our fair value estimate to long-term gold prices is shown below:



Source: FRC

We are initiating coverage on Premier with a BUY rating, and a fair value estimate of C\$3.35 per share. We have identified the following key catalysts:

- Resumption of production at South Arturo in late 2019
- Continued exploration results from drilling at Mercedes
- Optimizing operations and potentially lowering costs at Mercedes
- Ongoing drilling at Hardrock, Cove, the McCoy JV, and its Rye and Rodeo Creek properties in Nevada

Risks

- Updated resource estimate on Greenstone Gold

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- The value of the company is highly dependent on gold prices.
- Ability to ramp up production.
- There is no guarantee that the company will be able to extend South Arturo's mine life.
- Development / permitting risks related to Hardrock and Cove deposits.
- Exploration success.
- Foreign exchange risks.

We rate Premier's shares a risk of 4 (Speculative).

APPENDIX

| \$ millions except EPS | 2016 [*] | 2017 | 2018 | 2019E | 2020E |
|-----------------------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| Revenues | \$114.02 | \$200.31 | \$113.87 | \$108.27 | \$122.13 |
| Other Revenue | | | | | |
| Total Revenue | \$114.02 | \$200.31 | \$113.87 | \$108.27 | \$122.13 |
| Cost Of Goods Sold | \$29.63 | \$85.57 | \$71.76 | \$71.59 | \$74.00 |
| Gross Profit | \$84.40 | \$114.74 | \$42.10 | \$36.68 | \$48.13 |
| G&A | \$8.75 | \$7.89 | \$9.53 | \$10.98 | \$11.31 |
| Property Maintenance | \$0.61 | \$0.33 | \$0.24 | \$0.43 | \$0.45 |
| SBC | \$2.99 | \$2.72 | \$2.57 | \$2.54 | \$3.05 |
| Total | \$12.35 | \$10.94 | \$12.34 | \$13.95 | \$14.81 |
| EBITDA | \$72.05 | \$103.80 | \$29.76 | \$22.73 | \$33.32 |
| Depreciation & Amort. | \$51.26 | \$50.73 | \$25.57 | \$22.42 | \$25.54 |
| EBIT | \$20.79 | \$53.07 | \$4.19 | \$0.31 | \$7.78 |
| Interest | \$1.55 | \$8.89 | \$3.74 | \$2.38 | \$1.83 |
| EBT (before unusual items) | \$19.24 | \$44.19 | \$0.45 | -\$2.06 | \$5.95 |
| Exploration / Pre-Development | -\$26.30 | -\$26.25 | -\$22.23 | -\$22.50 | -\$22.50 |
| Unusual / Non-Recurring | \$11.72 | \$2.63 | \$2.19 | \$6.92 | |
| EBT | \$4.66 | \$20.56 | -\$19.60 | -\$17.64 | -\$16.55 |
| Income Tax | \$5.21 | \$4.39 | \$0.83 | -\$0.52 | \$1.49 |
| Net Income | -\$0.55 | \$16.17 | -\$20.43 | -\$17.13 | -\$18.04 |
| Basic EPS | \$0.00 | \$0.08 | -\$0.10 | -\$0.08 | -\$0.09 |

*2016 figures were converted to US\$ at C\$/US\$ of 1.32.

| Balance Sheet | | | | | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (US\$M) | 2016 | 2017 | 2018 | 2019E | 2020E |
| ASSETS | | | | | |
| Cash and Equivalents | \$89.15 | \$103.05 | \$43.88 | \$8.09 | \$1.43 |
| Accounts Receivable | \$8.88 | \$11.81 | \$23.57 | \$19.49 | \$21.98 |
| Inventory | \$66.44 | \$26.37 | \$17.38 | \$21.48 | \$22.20 |
| Prepaid Exp./ Others | \$5.44 | \$2.34 | \$1.89 | \$2.06 | \$2.32 |
| Total Current Assets | \$169.91 | \$143.57 | \$86.72 | \$51.12 | \$47.93 |
| Cash in Trust | \$3.21 | \$4.72 | \$5.58 | \$5.58 | \$5.58 |
| Inventory | | \$5.61 | \$2.27 | \$2.27 | \$2.27 |
| Others | | \$2.93 | \$2.93 | \$2.93 | \$2.93 |
| PP&E | \$261.53 | \$270.76 | \$268.98 | \$306.48 | \$320.94 |
| Total Assets | \$434.65 | \$427.59 | \$366.49 | \$368.37 | \$379.65 |
| LIABILITIES | | | | | |
| Accounts Payable | \$22.89 | \$18.47 | \$17.87 | \$17.72 | \$18.31 |
| Line | | | | | \$40.00 |
| Taxes | \$3.71 | \$4.13 | \$1.12 | \$1.12 | \$1.12 |
| Deferred Revenues | \$13.78 | \$13.78 | \$12.98 | \$11.39 | |
| Debt | \$2.04 | \$19.21 | | \$2.95 | \$3.20 |
| Others | \$3.80 | \$2.16 | \$1.19 | \$4.01 | \$4.01 |
| Total Current Liabilities | \$46.23 | \$57.74 | \$33.16 | \$37.18 | \$66.64 |
| Taxes | \$15.71 | \$12.92 | \$10.72 | \$10.53 | \$10.53 |
| Deferred Revenues | \$35.75 | \$22.51 | \$11.39 | | |
| Debt | \$39.52 | | | \$16.09 | \$12.89 |
| Others | \$19.20 | \$25.93 | \$23.39 | \$23.39 | \$23.39 |
| Total Liabilities | \$156.42 | \$119.10 | \$78.65 | \$87.18 | \$113.45 |
| Share Capital | \$533.64 | \$536.48 | \$538.13 | \$546.13 | \$546.13 |
| Reserves | -\$27.95 | -\$16.71 | -\$18.24 | -\$15.70 | -\$12.66 |
| Retained Earnings/Deficit | -\$227.46 | -\$211.29 | -\$232.05 | -\$249.23 | -\$267.27 |
| Total Common Equity | \$278.23 | \$308.49 | \$287.84 | \$281.19 | \$266.20 |
| Total Liabilities And Equity | \$434.65 | \$427.59 | \$366.49 | \$368.37 | \$379.65 |

*2016 figures were converted to US\$ at C\$/US\$ of 1.32.

| | 2016* | 2017 | 2018 | 2019E | 2020E |
|----------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Net Income | -\$0.55 | \$16.17 | -\$20.43 | -\$17.13 | -\$18.04 |
| Depreciation & Amort. | \$51.41 | \$50.96 | \$25.91 | \$22.42 | \$25.54 |
| SBC | \$2.99 | \$2.43 | \$2.27 | \$2.54 | \$3.05 |
| Others | -\$1.46 | -\$2.30 | -\$10.54 | | |
| Working Capital | -\$8.55 | -\$3.20 | -\$7.90 | \$2.29 | -\$2.88 |
| Cash from Ops. | \$43.84 | \$64.05 | -\$10.69 | \$10.12 | \$7.67 |
| Mining Interests / PPE | -\$155.53 | -\$21.61 | -\$26.87 | -\$60.00 | -\$40.00 |
| Sale | -\$0.05 | \$0.39 | -\$1.10 | \$0.09 | |
| Cash from Investing | -\$155.57 | -\$21.23 | -\$27.98 | -\$59.91 | -\$40.00 |
| Debt | \$42.22 | -\$31.85 | -\$22.03 | \$6.06 | \$25.67 |
| Equity | \$51.94 | \$1.78 | \$1.29 | \$8.00 | |
| Other | \$52.34 | | | -\$0.06 | |
| Cash from Financing | \$146.50 | -\$30.07 | -\$20.75 | \$14.00 | \$25.67 |
| FOREX | \$0.57 | \$0.25 | \$1.14 | | |
| Net Change in Cash | \$35.34 | \$13.00 | -\$58.27 | -\$35.79 | -\$6.66 |

*2016 figures were converted to US\$ at C\$/US\$ of 1.32.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

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3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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