

# Message to Shareholders

---



After more than a decade of diligently building and growing a business, 2017 will always be remembered as a milestone for your Company. 2017 marked the first full year of production in its history. This is a statement that I am extremely proud of as it is a very challenging and rare occurrence to witness and participate in the evolution of an exploration company into a mining company. This evolution is a testament to your management team and employees' hard work and dedication to executing on the Company's growth strategy and building value in Premier day-in and day-out. As we continue to execute on our strategy to become a mid-tier mining company, 2018 appears to be shaping up to be another exciting year.

## **Continued Plans for Development**

The precious metals and mining industry continues to exhibit tumultuous times and volatility, your management team is actively operating for growth in this environment. Not only have we transitioned into a successful producing company, but we have substantially added mineral resources at both Cove and Hasaga and have replaced mineral reserves at

Mercedes. In addition, the Greenstone Gold Joint Venture continues to be de-risked with the submission of Federal and Provincial Environmental Assessments, First Nation discussions, and continued project optimisation. South Arturo, the Company's 40% owned Joint Venture with Barrick Gold produced better than budgeted ounces, grade and costs! The underground El Nino and Phase 1 open pit developments will begin in late 2018 and Phase 3 of the joint venture continues to be evaluated for development. Extensive exploration, with over 50,000 metres of drilling was completed at the Mercedes Mine during 2017. Drilling in 2018 is expected to be of similar scale with the goal of not only reserve conversion but also testing near mine targets for new zones of mineralization.

## **Active Governance**

One of the key roles of your board is to ensure adherence to the Company's strategy and plan for future growth. As such, the Company's board of directors regularly visit project sites to see progress. The board actively meets with our dynamic and dedicated management teams to review plans that help drive value to you, our shareholders. In 2017, we held a strategy session in Reno, Nevada which is the location of our Technical Operations Office for the Company.

## **Confidence Moving Forward**

We continue to strengthen the board of directors, management, and the company's internal systems in order to maintain the prior transformation from explorer to producer. These initiatives are ongoing while advancing organic and external growth opportunities to build on the Company's solid production base. Manageable debt, cash flowing operations and an excellent management team provide you, the shareholder, with "A World of Opportunity".

**John Begeman**  
Executive Chairman

# Message from the President

---



Premier's successful transition from a gold explorer into gold-producer continued in 2017, which represented the Company's first full year as a producer and operator. What a year it was! Consolidated gold production exceeded our initial guidance for the year and strong free cash flow allowed us to begin paying debt ahead of schedule.

Looking towards the new-year, we will add momentum to a pipeline of advanced-stage projects, including two new mining operations being developed in the coming year. Our focus to grow safe, sustainable production that generates appreciable cash flow and enhance shareholder value will not change. A solid team, multiple properties and strong partnerships has positioned Premier to achieve mid-tier producer status while maintaining aggressive exploration to discover our "mines of the future".

Premier originated as an exploration focused company. We opportunistically acquired properties and developed partnerships to enhance our ability to advance multiple projects in several of North America's most

prospective gold districts. Going forward, our efforts must also include a sustained reserve and resource replacement strategy to ensure that our mines have strong futures.

In 2017, we provided resource updates for the McCoy-Cove and Hasaga Properties, and have followed this with updated reserve and resource estimates for South Arturo and Mercedes in early 2018.

## **Our Operations**

In 2017, Premier reported production of 139,658 ounces of gold and continued to bolster its treasury with best in class costs that include US\$524 per ounce cash costs and AISC of US\$627 per ounce.

We recognize the safe operational performance of Barrick Gold at South Arturo, where the mine continued to achieve industry-low costs. With the Phase 2 open-pit now complete, ore will be processed in 2018 from existing stockpiles. Future mining initiatives include the development of the Phase 1 open-pit beginning in H1-2018 and the El Nino underground mine in H2-2018. These operations are expected to provide years of reliable production as the partnership continues to advance additional opportunities including a potential "Phase 3" open-pit, heap leachable mineralization, and the South Hinge target.

Mercedes continues to focus on operational flexibility by developing the additional working faces required to achieve production targets and reduce costs. While some challenges were encountered, including a revised mine plan for the Diluvio deposit, Mercedes met its production target for the year. In 2018, underground infrastructure is being developed to access the Marianas deposit. Marianas is developing as a higher-grade zone not currently carried in the mine's reserves and appears to remain open for expansion.

## **Our Future**

Supported by success through exploration, multiple projects are being moved towards development in the coming years. Two new mine developments have been approved at South Arturo, an advanced-exploration program is earmarked at McCoy-Cove and permitting is underway for the development of the Hardrock deposit at Greenstone Gold.

The largest deposit in Premier's portfolio remains the Hardrock deposit that is being advanced by Greenstone Gold Mines, a 50/50 joint venture created with Centerra Gold. EA and EIS documentation was submitted to Provincial and Federal authorities in Canada in advance of a decision to develop the 4.6 million-ounce Hardrock open-pit deposit.

Nevada remains as one of the most sought after gold districts in the world. McCoy-Cove is one of Premier's outstanding exploration successes – one that ranks high in our development plans and a project that is successfully transitioning from exploration concept to underground development. A Preliminary Economic Assessment ("PEA") is expected to be completed in H1-2018 prior to underground development and drilling to support a full Feasibility Study for this high-grade deposit. In 2017, a new resource estimate was released confirming its potential and significant advances were made on hydrological, metallurgical and permitting-related matters.

## **Our Strength...Exploration**

Significant progress is being made at understanding successful drilling at the underground target at Hasaga and substantial programs planned at the recently consolidated Goldbanks-Rye Property area, and at the McCoy Cove joint venture in Nevada reflect the significant progress being made at understanding earlier-stage projects within Premier's portfolio.

The Red Lake district is world-renowned for its gold endowment. The Hasaga Property was acquired for its potential to host both bulk tonnage near-surface mineralization, and higher grade mineralization down-plunge of the past-producing Howey and Hasaga gold

mines that together produced more than 600,000 ounces of gold. Following the successful delineation of lower-grade, open-pit style deposits, our efforts have shifted towards complementing this resource with underground mineable deposits. Multiple high grade intercepts in the "C-Zone" target has led our team to initiate an in-fill and step-out drill program in an effort to define what we hope will be the next significant deposit in the camp.

In Nevada, exploration continues to be at the forefront. Through multiple project acquisitions, including agreements with Kinross Gold and Barrick Gold, we have consolidated the Rye Goldbanks Properties, a highly interesting land package that we hope becomes an epicentre for future resource growth. A recent agreement with Barrick adjacent to the Cove Property, where Barrick holds an option to earn-in to the surrounding McCoy Cove Property, is expected to be a major part of Premier's 2018 exploration focus as we set out to discover the next deposit in the Battle Mountain-Eureka Trend.

## **Looking Forward**

Having successfully completed the transition from explorer to producer, we can now focus on realizing our growth and development strategy. Recognizing that multiple near-term developments are within our sights, a strong balance sheet provides us with the financial flexibility to carry out our plans while limiting dilution to our shareholders.

Maintaining a low-cost production profile and growing reserves through focused exploration provides responsible leverage to higher gold prices and substantial long-term value to our shareholders. These attributes will contribute to achieving our goal of becoming a respected gold producer with an industry-best growth profile.

As in previous years, I take this opportunity to thank the dedicated professionals I have the pleasure of working with for their determination and hard work in building value and positioning Premier for a great future.

**Ewan S. Downie**

President & Chief Executive Officer

# Message from the CFO

---



Making the transition from explorer to producer was a necessary step toward realizing Premier's ambitious growth objective. The transition established a solid operating foundation and sparked the beginning of a growth stage that will continue for many years.

In 2017 we pushed forward with our objectives. By leveraging our strengths we finished the year stronger than ever before. During 2017 our mines produced more than 139,000 ounces of gold and over 357,000 ounces of silver at an AISC of \$627 per ounce of gold and \$11 per ounce of silver sold. Our low cost mining operations generated over US\$200 million in revenue and more than US\$59 million in operating cash flow.

With strong operating cash flows and significant support from our partners, we drove exploration and development initiatives at each of our projects. By leveraging our relationships we advanced our project portfolio while adding strength to our balance sheet. Premier generated over US\$38 million in free cash flow during 2017 and finished the year with over US\$103 million in cash.

We will continue to pursue our growth objectives throughout this coming year. As we focus on cost control and operating effectiveness we will continue to leverage the strength in our balance sheet and the power in our relationships to pursue our longer term objective of increased annual production.

Since inception, Premier has worked to assemble a portfolio of high quality, advanced-stage exploration and development projects that are strategically located on productive mine trends and in close proximity to existing infrastructure. These projects represent significant untapped potential that few other companies of our stature possess. They also represent our pipeline of growth and the path toward our longer term objective of increased annual production and cash flow.

As we look to advance this project portfolio we will do so with the understanding that we must continue to balance growth with financial stability. And, we will do so knowing that we must generate increased share value on behalf of you, our shareholder.

We will continue to build the systems and infrastructure necessary to support our growing business but we will not lose sight of the need to remain nimble and responsive; ready and able to exploit opportunities as they arise.

In the year ahead we will continue to strive for excellence in everything we do.

We thank you, our shareholders, for your continued support and confidence and look forward to working on your behalf during 2018.

**Steve Filipovic**  
Chief Financial Officer