Condensed Consolidated Interim Financial Statements

March 31, 2018

(Unaudited)

(Stated in US Dollars)

PREMIER

Gold Mines Limited

NOTICE TO SHAREHOLDERS

For The Three Months Ended March 31, 2018

Premier Gold Mines Limited

MANAGEMENTS RESPONSABILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed consolidated interim financial statements of Premier Gold Mines Limited were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Only changes in accounting policies have been disclosed in these unaudited condensed consolidated interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed consolidated interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

PREMIER Gold Mines Limited

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Stated in US Dollars)
(Unaudited)

	Note	**March 31, 2018**	December 31, 2017 (As restated Note 2(c))	January 1, 2017 (As restated Note 2(c))
ASSETS				
Current Assets				
Cash and cash equivalents	*4*	**98,428,288**	103,046,033	89,151,981
Receivables	*5*	**15,695,474**	11,806,754	8,879,325
Inventory	*6*	**26,147,307**	26,373,490	66,436,712
Prepaid and deposits		**1,770,503**	2,025,648	1,451,504
Other assets	*7*	**210,751**	317,732	3,991,102
Total current assets		**142,252,323**	143,569,657	169,910,624
Non-current assets				
Restricted cash and cash equivalents	*8*	**4,863,171**	4,720,621	3,208,027
Long term inventory	*6*	**2,476,193**	5,605,752	-
Long term receivable		**2,932,998**	2,932,998	-
Property, plant and equipment	9	**266,884,408**	270,759,332	261,526,668
Total non-current assets		**277,156,770**	284,018,703	264,734,695
Total assets		**419,409,093**	427,588,360	434,645,319
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		**17,063,472**	18,471,132	22,892,616
Taxes payable		**3,444,492**	4,132,444	3,708,055
Current portion of deferred revenue	*10*	**13,953,190**	13,774,518	13,784,005
Current portion of long term debt	*11*	**19,638,976**	19,204,774	2,043,255
Current provision for environmental rehabilitation	*12*	**114,961**	439,708	705,272
Current portion of other liabilities	*13*	**1,634,151**	1,720,623	3,097,115
Total current liabilities		**55,849,242**	57,743,199	46,230,318
Non-current liabilities				
Deferred taxes		**13,752,780**	12,916,003	15,711,779
Deferred revenue	*10*	**19,433,956**	22,511,758	35,749,720
Long term debt	*11*	**-**	-	39,521,346
Provision for environmental rehabilitation	*12*	**21,533,298**	22,869,496	14,810,557
Other liabilities	*13*	**2,473,113**	3,060,636	4,393,098
Total non-current liabilities		**57,193,147**	61,357,893	110,186,500
Total liabilities		**113,042,389**	119,101,092	156,416,818
EQUITY				
Share capital		**536,883,344**	536,484,335	533,634,705
Reserves		**(16,872,657)**	(16,708,941)	(27,949,115)
Deficit		**(213,643,983)**	(211,288,126)	(227,457,089)
Total equity		**306,366,704**	308,487,268	278,228,501
Total liabilities and equity		**419,409,093**	427,588,360	434,645,319

Commitments [Note 21]

Contingencies [Note 24]

Subsequent event [Note 25]

See accompanying notes to the condensed consolidated interim financial statements
Approved by the Board of Directors and authorized for issue on May 8, 2018

"John Seaman"
Director

"Ewan Downie"
Director

PREMIER
Gold Mines Limited

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME / (LOSS) AND COMPREHENSIVE INCOME / (LOSS)

(Stated in US Dollars)
(Unaudited)

	Note	Three months ended March 31, 2018	2017 (As restated Note 2(c))
Revenue		**39,175,601**	64,546,769
Cost of sales		**(21,337,442)**	(20,498,642)
Depletion, depreciation and amortization	*9*	**(8,197,081)**	(22,503,591)
Mine operating income		**9,641,078**	21,544,536
Expenses			
Exploration, evaluation and pre-development	*17*	**6,477,922**	6,967,970
Property maintenance		**135,558**	74,574
General and administrative	*18*	**1,907,593**	1,607,174
Share-based payments	14(f)	**2,226,415**	2,062,027
Re-measurement of environmental rehabilitation		**-**	(120,897)
Income / (loss) before the following		**(1,106,410)**	10,953,688
Investment and other income / (expense)		**275,341**	(37,445)
Gain / (loss) on derivatives		**809,960**	(916,134)
Gain / (loss) on investments		**(52,635)**	364,192
Loss on foreign exchange		**(458,408)**	(478,393)
Gain attributable to Greenstone Gold development commitment		**1,689,576**	1,289,833
Other income		**2,263,834**	222,053
Environmental rehabilitation accretion		**298,784**	151,276
Interest paid		**757,032**	1,310,580
Amortization of finance costs		**502,396**	1,020,207
Amortization of gold prepay interest		**(384,060)**	(537,683)
Silver stream accretion		**163,935**	-
Amortization of discount		**1,630**	3,048
Finance expense		**1,339,717**	1,947,428
Income / (loss) before income taxes		**(182,293)**	9,228,313
Current tax expense		**(1,625,157)**	(1,622,982)
Deferred tax expense		**(212,288)**	(2,550,376)
Income / (loss) for the period		**(2,019,738)**	5,054,955
Other comprehensive income / (loss)			
Exchange gain / (loss) on translation of foreign operations		**(2,000,883)**	720,570
Total comprehensive income / (loss) for the period		**(4,020,621)**	5,775,525
Basic and diluted income / (loss) per share	*15*	**(0.01)**	0.02

PREMIER
Gold Mines Limited

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Stated in US Dollars)
(Unaudited)

	Note	Three months ended March 31, 2018	2017 (As restated Note 2(c))
OPERATING ACTIVITIES			
Income / (loss) for the period		**(2,019,738)**	5,054,955
Items not affecting cash			
Depletion, depreciation and amortization	9	**8,276,952**	22,550,634
Greenstone Gold non-cash operating expenses		**1,689,576**	1,289,833
Share based payments		**2,226,415**	2,062,027
Re-measurement of environmental rehabilitation provision		**-**	(120,897)
Loss / (gain) on derivatives		**(809,960)**	916,134
Loss / (gain) on investments		**52,635**	(364,192)
Foreign exchange loss		**458,408**	1,464,820
Gain attributable to Greenstone Gold development commitment		**(1,689,576)**	(1,289,833)
Finance expense		**1,339,717**	1,947,428
Deferred tax expense		**212,288**	2,550,376
Deferred revenue on metal agreements		**(3,469,008)**	(3,321,746)
Change in non-cash working capital balances related to operations			
Receivables		**(3,888,720)**	1,507,615
Prepaids and deposits		**255,145**	(191,684)
Inventory		**(159,962)**	(1,721,947)
Accounts payable and accrued liabilities		**(1,407,660)**	(4,051,737)
Taxes payable		**(687,952)**	1,330,206
Cash provided operating activities		**378,560**	29,611,992
INVESTMENT ACTIVITIES			
Proceeds from the sale of investments		**54,346**	209,858
Purchase / settlement of derivative investments		**-**	364,479
Capital expenditures on property, plant and equipment	9	**(5,331,908)**	(4,523,039)
Environmental liability security placed		**(142,550)**	(367,417)
Reclamation expenditures charged to the provision for environmental rehabilitation		**-**	(75,748)
Cash used in investment activities		**(5,420,112)**	(4,391,867)
FINANCING ACTIVITIES			
Interest paid		**(757,032)**	(1,310,580)
Proceeds from the exercise of stock options		**482,751**	105,029
Repayment of long term debt		**-**	(2,000,000)
Cash used in financing activities		**(274,281)**	(3,205,551)
Change in cash and cash equivalents during the period		**(5,315,833)**	22,014,574
Cash and cash equivalents, beginning of period		**103,046,033**	89,151,981
Effect of exchange rate changes on cash held		**698,088**	(509,887)
Cash and cash equivalents, end of period		**98,428,288**	110,656,668

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Stated in US Dollars)
(Unaudited)

		Share Capital		Reserves				
Issued and outstanding:		Number of shares	Share capital	Equity settled employee benefits	Contributed surplus	Foreign currency translation	Deficit	Total equity
Balance as at December 31, 2016 (as restated Note 2(c))		201,473,187	533,634,705	31,499,008	8,267,194	(67,715,317)	(227,457,089)	278,228,501
Exercise of stock options		57,500	178,605	(73,573)	-	-	-	105,032
Equity settled share-based payments	14(f)	-	-	2,002,883	-	-	-	2,002,883
Comprehensive income for the period		-	-	-	-	720,570	5,054,955	5,775,525
Balance as at March 31, 2017 (as restated - Note 2(c))		201,530,687	533,813,310	33,428,318	8,267,194	(66,994,747)	(222,402,134)	286,111,941
Exercise of stock options		835,400	2,671,025	(996,275)	-	-	-	1,674,750
Equity settled share-based payments		-	-	187,647	-	-	-	187,647
Comprehensive income for the period		-	-	-	-	9,398,922	11,114,008	20,512,930
Balance as at December 31, 2017 (as restated - Note 2(c))		202,366,087	536,484,335	32,619,690	8,267,194	(57,595,825)	(211,288,126)	308,487,268
Impact of adopting IFRS 15 on January 1, 2018 (Note 3(a))		-	-	-	-	-	(336,119)	(336,119)
Balance as at January 1, 2018 (as restated - Note 2(c))		202,366,087	536,484,335	32,619,690	8,267,194	(57,595,825)	(211,624,245)	308,151,149
Exercise of stock options		225,300	781,897	(299,146)	-	-	-	482,751
Shares issued for termination of option agreement		23,149	57,925	-	-	-	-	57,925
Equity settled share-based payments	14(f)	-	-	2,136,313	-	-	-	2,136,313
Warrants reclassified to liability on change of functional currency	13	-	(440,813)	-	-	-	-	(440,813)
Comprehensive income / (loss) for the period		-	-	-	-	(2,000,883)	(2,019,738)	(4,020,621)
Balance as at March 31, 2018		**202,614,536**	**536,883,344**	**34,456,857**	**8,267,194**	**(59,596,708)**	**(213,643,983)**	**306,366,704**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in US Dollars)
(Unaudited)

1. NATURE OF BUSINESS

Premier Gold Mines Limited (the "Company") is a Canadian based, growth oriented gold and silver producer engaged in the exploration, development and production of gold and silver deposits in Canada, the United States and Mexico.

The Company's principal assets include the Mercedes Mine in Sonora, Mexico, a 40% interest in the South Arturo Mine in Nevada, USA and a 50% interest in the Hardrock Gold Project (Greenstone Gold Mines Partnership) located along the TransCanada highway in Ontario, Canada. Other key property interests include a 44% interest in Rahill Bonanza and a 100% interest in the Hasaga gold properties located in the Red Lake mining district of Northwestern Ontario, Canada and a 100% interest in the McCoy Cove gold property located in Nevada, USA, where Barrick Gold Corporation is earning an interest in the area that surrounds the qualified resources.

The Company's common shares are listed on the Toronto Stock Exchange under the symbol PG and its head office is located at Suite 200, 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017.

The unaudited condensed consolidated interim financial statements of the Company for the period March 31, 2018 were approved and authorized by the Board of Directors on May 8, 2018.

Certain items within the statements of income and the statements of changes in equity have been reclassified in the current period. The prior periods have been restated to reflect the change in presentation.

The accounting policies applied in the preparation of these consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2017, except as otherwise noted in note 2(c), note 2(d) and note 3.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgements and estimates applied in the preparation of the Company's unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2017 and discussed below.

2. SIGNIFICANT ACCOUNTING POLICIES continued

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed to variable returns and has the ability to affect those returns through power to direct the relevant activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries will be deconsolidated from the date that control ceases.

Subsidiary	Percentage of ownership	Jurisdiction	Principal activity
Premier Gold Mines USA Inc.	100%	United States	Mineral exploration
Premier Gold Mines Nevada Inc.	100%	United States	Mineral exploration
Au-reka Gold Company	100%	United States	Mineral exploration
Premier Goldbanks LLC	100%	United States	Mineral exploration
Goldcorp Dee LLC	100%	United States	Production
Premier Rye LLC	100%	United States	Mineral exploration
Goldstone Resources Inc.	100%	Canada	Mineral exploration
Premier Gold Mines Hardrock Inc.	100%	Canada	Pre-development
Greenstone Gold Mines GP Inc.	50%	Canada	Pre-development
Premier Gold Mines NWO Inc.	100%	Canada	Mineral exploration
Cherbourg Gold Inc.	85.7%	Canada	Mineral exploration
Barraute Gold Inc.	100%	Canada	Mineral exploration
Oro Premier de Mexico S.A. de C.V.	100%	Mexico	Mineral exploration
Minera Meridian Minerales S.de R.L. de C.V.	100%	Mexico	Production
Meridian Gold Holdings Mexico S.A. de C.V.	100%	Mexico	Production
Minera Meridian Mexico S.de R.L. de C.V.	100%	Mexico	Production
Premier Gold Mines Cayman Ltd.	100%	Cayman Islands	Holding
2536062 Ontario Inc.	100%	Canada	Holding
2401794 Ontario Inc.	100%	Canada	Holding
Premier Gold Mines Netherlands Cooperative U.A.	100%	Netherlands	Holding
Premier Gold Mines Netherlands B.V.	100%	Netherlands	Holding

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

(c) Change in functional and presentation currency

Functional currency

Prior to January 1, 2018, the functional currency of Premier Gold Mines Limited, the parent company, was the Canadian dollar ("CAD"). Per IAS 21 - *The Effects of Changes in Foreign Exchange Rates* ("IAS 21"), an entity's functional currency should reflect the underlying transactions, events and conditions that are relevant to the entity. Management considered primary and secondary indicators in determining functional currency including the currency that influences sales prices, labour, purchases and other costs. Other indicators including the currency in which funds from financing activities are generated and the currency in which receipts from operations are usually retained.

Based on these factors, management concluded that effective January 1, 2018, the parent company's functional currency should be the United States dollars ("USD"). One of the main factors affecting the decision was the introduction in 2018 of forward gold sales contracts in USD which had previously been denominated in CAD.

As the Company's Canadian subsidiaries have not commenced mining operations, primarily operate in CAD and are financed in CAD, management has determined that their functional currency remains CAD. The Company's USA and Mexico mining and exploration and development operations continue to remain with a functional currency of USD with the sales and majority of costs incurred in USD. For the international operations used for the deferred revenue arrangements related to gold and silver sales, the functional currency also remains USD. The holding companies with debt in Mexican pesos remain in pesos.

The Company has accounted for the change in functional currency prospectively, as provided for under IAS 21 with no impact of this change on prior year comparative information other than in conjunction with the change in presentation currency as discussed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in US Dollars)
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES continued

Change in functional and presentation currency continued

Presentation currency

On January 1, 2018, the Company elected to change its presentation currency from CAD to USD. The change in presentation currency is to better reflect the Company's business activities and to improve comparability of the Company's financial results with other publicly traded businesses in the mining industry. The Company applied the change to USD presentation currency retrospectively and restated the comparative financial information as if the new presentation currency had always been the Company's presentation currency in accordance with the guidance in IAS 21 and IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*.

From January 1, 2018, the USD presentation is consistent with the functional currency of the Company. For periods prior to January 1, 2018, the statements of financial position for each period presented have been translated from the CAD functional currency to the new USD presentation currency at the rate of exchange prevailing at the respective financial position date with the exception of equity items which have been translated at accumulated historical rates from the Company's date of incorporation in 2006. The statements of income / (loss) and comprehensive income / (loss) were translated at the average exchange rates for the reporting period, or at the exchange rate prevailing at the date of the transactions. Exchange differences arising in 2017 on translation from the CAD functional currency to the USD presentation currency have been recognized in other comprehensive income / (loss) and accumulated as a separate component of equity. In addition to the comparative financial statements, the Company has presented a third statement of financial position as at January 1, 2017 as required by IFRS.

Equity has been restated using historical average exchange rates other than for significant transactions for which the actual historical rate was used with the difference being presented as an adjustment to the foreign currency exchange reserve.

(d) Share capital and warrants

Share capital represents the fair value of consideration received. Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. Incremental costs directly attributable to the issue of new shares or options are also shown in equity as a deduction.

The Company periodically issues units to investors consisting of common shares and warrants in non-brokered private placements or as additional consideration in a financing or purchase transaction. Each whole warrant issued entitles the holder to acquire a common share of the Company, at a fixed Canadian dollar price over a specified term. These warrants are not transferable from the original investor to a new investor. Prior to January 1, 2018, these warrants were considered equity instruments and not financial liabilities or financial derivatives however, in connection with the change in functional currency described in Note 2(c), they are now considered derivatives because their exercise price is in CAD whereas the Company's functional currency is in USD. Accordingly, the Company now recognizes the warrants at fair value with changes in fair value recognized in profit or loss with the initial recognition of warrants existing at January 1, 2018 recorded as an adjustment to share capital.

When investor or other warrants are exercised, the liability is revalued prior to derecognition with the change in fair value recognized in profit or loss, proceeds received are added to share capital and the liability is derecognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Stated in US Dollars)
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3. ADOPTION OF NEW ACCOUNTING STANDARDS

(a) Accounting standards issued and effective January 1, 2018

IFRS 9 – *Financial Instruments*

On January 1, 2018, the Company adopted IFRS 9 - *Financial Instruments* ("IFRS 9"). IFRS 9 replaces IAS 39 - *Financial Instruments: Recognition and Measurement* ("IAS 39"), introduces new requirements for the recognition and measurement of financial assets and liabilities, a single, forward looking "expected loss" impairment model and a reformed approach to hedge accounting. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules previously under IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The International Accounting Standards Board ("IASB") requires an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018.

The Company's financial assets have been comprised of Canadian equities and derivatives including put options or forward contracts for the delivery of gold ounces at various prices to manage exposure to fluctuations in gold prices. Financial liabilities include credit facilities with embedded derivatives related to various components of the agreements. The Company does not have hedging relationships which qualify for hedge accounting. The assessment of the impact in applying IFRS 9 is summarized below.

The Company does not hold put options at this time and the forward contracts currently held are intended to be settled using our own production and therefore are accounted for under the own use exemption whereby the value of the contracts is not recognized in the financial statements, this has not changed under IFRS 9.

As most of the requirements in IFRS 9 have been retained for financial liabilities and the Company has accounted for the embedded derivatives at fair value, no adjustments are required.

With respect to term modification of a debt instrument, the Company is in compliance with IFRS 9 by continuing its current practice of assessing change of terms of debt instruments in order to determine if the modification of the terms is substantial and would result in an extinguishment of the original liability and recognition of the amended debt instrument as a new financial liability. The standard requires that when a financial liability at amortized cost is modified or exchanged, and such modification does not result in de-recognition, that the adjustment to amortized cost of the financial liability is recognized in profit or loss.

Application of IFRS 9 on the Company's other financial instruments also has no impact on the Company's financial position or results of operations and there is no financial impact that requires disclosure. The Company did have an early repayment of debt however, there was no change in terms of the debt instrument and an adjustment to the amortized cost was recorded in the year.

IFRS 15 – *Revenue from Contracts with Customers*

On January 1, 2018, the Company has adopted IFRS 15 - *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 - *Revenue*, IAS 11 - *Construction Contracts* and the related interpretations. In adopting the guidance, the Company has opted to use the modified retrospective basis in accordance with the transitional provisions of IFRS 15 whereby the cumulative effect of initially applying the standard has been recognized as an adjustment to the opening deficit at January 1, 2018 and comparative figures are not restated and continue to be reported under the accounting standards in effect for those periods.

The Company's revenue is generated mainly from the sale of gold and silver through various revenue streams. Typical for the mining industry, each metal sale transaction is stand alone and without multiple element arrangements. For gold and silver sales, revenue is recognized after the related performance obligations have been met which is concluded to be essentially the same under IFRS 15 and IAS 18. In general, the performance obligations of the sale transactions are satisfied at a point in time with reliably measurable transaction prices and no financing consideration due to the nature of the commodity market where the Company operates.

Management has determined that the application of IFRS 15 with respect to sales transactions will not result in an adjustment to the consolidated financial statements except as discussed in the gold prepay and silver stream arrangements below.

Gold prepay and silver stream

The Company entered into a gold prepay and a silver stream arrangement in 2016 with Orion as discussed in Note 4 to the 2017 audited consolidated financial statements. Advance payments were received from Orion on execution of the agreements, with a right to receive deliveries of the gold and silver from the production of certain of the Company’s mines based on a predetermined pricing formula during the future delivery date. The advance payments were recorded as deferred revenue, with amounts recognized in revenue as deliveries are made to Orion and as further discussed in Note 12 to the consolidated financial statements. The gold prepay arrangement has an interest component, the silver stream does not.

(Stated in US Dollars)

3. ADOPTION OF NEW ACCOUNTING STANDARDS continued

Under IFRS 15, where consideration is received in advance of the Company's performance of its obligation, there is an inherent financing component. Where the period between receipt of consideration and revenue recognition for these contracts is greater than one year, the Company is required to determine whether a significant financing component exists. The Company performed this assessment on these arrangements and determined that the financing component was significant to the silver stream but was not to the gold prepay.

Accordingly, in accounting for the silver stream under IFRS 15, the transaction price is increased by an imputed interest amount and a corresponding amount of interest expense is recognized in each period.

Also under the standard, an entity is required to estimate the transaction price in a contract. For contracts containing variable consideration the transaction price is to be continually updated and re-allocated to the related revenue. As a result, we have updated our accounting policy for revenue earned on streaming agreements such that we will treat the deferred revenue as variable, requiring an adjustment to the transaction price per unit each time there is a change in the underlying production profile of the mine (typically the last half of each year). The change in the transaction price per unit results in a retroactive adjustment to revenue in the period in which the change is made, reflecting the new production profile expected to be delivered under the streaming agreement.

Based on a combination of the financing component at the rate determined at the inception of the contact and the variable consideration, a retroactive adjustment is made to accretion expense, reflecting the impact of the change in the deferred revenue balance.

The impact of the initial adoption of this change in accounting policy using the modified retrospective approach was an adjustment to reduce the opening deficit on January 1, 2018 of $336,119 with a corresponding adjustment to reduce the deferred revenue balance. The impact to the net loss for the period was an increase to non-cash silver revenue of $122,284 and a recognition of silver stream accretion of $163,935.

(b) Accounting standards issued and effective January 1, 2019

IFRS 16, Leases is effective for annual reporting periods beginning January 1, 2019 although early application is permitted for companies that also apply IFRS 15, Revenue from Contracts with Customers. The Company is assessing the impact of this standard.

(c) Significant accounting judgements and estimates

Application of variable consideration constraint in silver stream agreement

The Company determines the amortization of deferred revenue to the statement of operations on a per unit basis using the expected quantity of silver that will be delivered over the term of the contract, which is based on geological reports and the Company's life of mine plan at contract inception. As subsequent changes to the expected quantity of silver to be delivered triggers a retrospective adjustment to revenue, management is required to estimate the ounces to be included in the denominator that will be sufficient such that subsequent changes are not expected to result in a significant revenue reversal. Accordingly, management includes reserves and portion of resources, included in the annual review of life of mine, in the calculation. With this approach, the Company considers that it is highly probable that changes in subsequent reserve and resource estimates will not result in a significant revenue reversal of previously recognized revenue.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and in banks including money market savings accounts and short term deposits that have a one year maturity but that are cashable within 30 days or less into a known amount of cash.

	March 31, 2018	December 31, 2017
Cash	**96,137,469**	101,149,454
Short-term money market investments	**2,290,819**	1,896,579
	98,428,288	103,046,033

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(Stated in US Dollars)
(Unaudited)

5. RECEIVABLES

	March 31, 2018	December 31, 2017
Recoverable taxes (i)	**9,688,658**	7,370,350
Taxes receivable (ii)	**3,876,071**	3,876,071
Trade receivables	**193,140**	502,657
Other receivable	**1,937,605**	57,676
	15,695,474	11,806,754

(i) Recoverable taxes include Canadian harmonized sales tax recoverable, Quebec sales tax recoverable, income tax recoverable and Mexico value added tax recoverable.

(ii) Taxes receivable are tax instalments paid in excess of current taxes payable for Alternative Minimum Tax ("AMT") in the United States.

6. INVENTORY

	March 31, 2018	December 31, 2017
Finished goods	**10,229,631**	8,168,452
Work-in-process	**167,400**	187,967
Current ore stockpiles	**1,636,781**	3,831,079
Long-term ore stockpiles	**2,476,193**	5,605,752
Materials and supplies	**14,113,495**	14,185,992
Total inventory	**28,623,500**	31,979,242
Current inventory	**26,147,307**	26,373,490
Long-term inventory	**2,476,193**	5,605,752

The amount of inventory recognized as an expense during the period ended March 31, 2018 was $21,337,442 ($20,498,642 during the period ended March 31, 2017) and is included in cost of sales, excluding depletion, depreciation and amortization. Long-term inventory is comprised of low grade ore not expected to be processed in the next year.

7. OTHER ASSETS

The Company's investments consist of common shares and warrants held in Canadian publicly traded corporations. Fair values of shares are determined at the closing price on March 31, 2018, unless the shares have a hold period in which case the initial fair market value difference from the cost is deferred until the hold period has expired. In the event of a hold period, the value of the shares are determined using the Black Scholes option pricing model taking the restriction into account. Warrants are also valued using the Black Scholes option pricing model taking any restriction into account and are revalued at each reporting period until exercise or expiry.

8. RESTRICTED CASH AND CASH EQUIVALENTS

Property	**March 31, 2018**	December 31, 2017
Hardrock, Ontario (i)	**245,497**	252,327
Northern Empire Mill, Ontario (ii)	**1,731,040**	1,779,197
McCoy-Cove, Nevada (iii)	**600,000**	600,000
Hasaga, Ontario (iv)	**86,812**	89,228
South Arturo, Nevada (v)	**2,199,822**	1,999,869
	4,863,171	4,720,621

8. RESTRICTED CASH AND CASH EQUIVALENTS continued

(i) The Company has a C$633,089 ($490,995) standby letter of credit outstanding in favour of the Ontario Ministry of Northern Development and Mines ("MNDM") relating to potential reclamation obligations of the Greenstone Gold property in Ontario. Security, in the form of a guaranteed investment certificate, for the standby letter of credit is held with the Royal Bank of Canada. As a result of the 50% divestment of the interest in the Greenstone Gold properties only C$316,544 ($245,497) is recorded on the books of the Company. Upon discharge of all reclamation related obligations 100% of the funds held as security will be returned to the Company.

(ii) The Company has a total of C$2,232,003 ($1,731,040) in restricted cash and cash equivalents relating to reclamation obligations associated with the Northern Empire Mill in Ontario including:

- a C$150,000 ($116,333) standby letter of credit with the Toronto Dominion Bank in the name of the Companys' wholly owned subsidiary, Goldstone Resources Inc., and payable in favour of the MNDM
- a C$1,678,494 ($1,301,764) standby letter of credit with the Royal Bank of Canada and payable in favour of the MNDM
- an amount of C$403,509 ($312,943) in financial assurance held directly by the MNDM

(iii) The Company's wholly owned subsidiary, Au-reka Gold Corporation has a total of $600,000 in restricted cash related to reclamation obligations associated with the McCoy-Cove property in Nevada including:

- $250,000 held in trust with Lexon Surety Group as security for the surety bonds described in note 21.
- $350,000 held in trust with Lexon Surety Group as security for the surety bonds described in note 21.

(iv) The Company has a C$111,936 ($86,812) standby letter of credit outstanding in favour of the MNDM relating to reclamation obligations for a workshop located on the Hasaga property in Ontario. Security, in the form of a guaranteed investment certificate, for the standby letter of credit is held with the Royal Bank of Canada.

(v) The Company has $2,199,822 in restricted cash relating to the reclamation of the Company's 40% ownership of the South Arturo project.

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(Stated in US Dollars)
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9. PROPERTY, PLANT AND EQUIPMENT

Cost	Mineral properties subject to depletion	Mineral properties not subject to depletion	Buildings, plant and equipment	Total
Balance, December 31, 2016	151,650,120	112,352,582	96,405,450	360,408,152
Additions	12,529,333	21,616	7,632,052	20,183,001
Disposals	-	-	(174,686)	(174,686)
Change in estimate of environmental provision	6,443,283	899,043	-	7,342,326
Write-down of property, plant and equipment	-	(1,474,842)	-	(1,474,842)
Foreign currency adjustment	-	4,579,967	280,317	4,860,284
Balance, December 31, 2017	170,622,736	116,378,366	104,143,133	391,144,235
Additions	2,379,122	173,331	2,779,455	5,331,908
Change in estimate of environmental provision	(1,901,493)	-	-	(1,901,493)
Foreign currency adjustment	-	(1,813,845)	(163,251)	(1,977,096)
Balance, March 31, 2018	**171,100,365**	**114,737,852**	**106,759,337**	**392,597,554**
Accumulated depletion, depreciation and impairment				
Balance, December 31, 2016	88,593,050	2,787,143	7,501,290	98,881,483
Depreciation for the year	12,010,921	-	9,139,038	21,149,959
Disposals	-	-	(61,979)	(61,979)
Foreign currency adjustment	-	155,022	260,418	415,440
Balance, December 31, 2017	100,603,971	2,942,165	16,838,767	120,384,903
Depletion and depreciation and for the period (i)	3,118,701	-	2,382,909	5,501,610
Foreign currency adjustment	-	(63,876)	(109,491)	(173,367)
Balance, March 31, 2018	103,722,672	2,878,289	19,112,185	125,713,146
Carrying amounts				
Balance December 31, 2017	70,018,765	113,436,201	87,304,366	270,759,332
Balance March 31, 2018	67,377,693	111,859,563	87,647,152	266,884,408

(i) Mineral properties subject to depletion

Property	December 31, 2017	Additions	Change in estimate of environmental provision	Depletion	March 31, 2018
South Arturo, Nevada	1,763,525	(8,619)	(132,102)	(361,413)	1,261,391
Mercedes, Mexico	68,255,240	2,387,741	(1,769,391)	(2,757,288)	66,116,302
	70,018,765	**2,379,122**	**(1,901,493)**	**(3,118,701)**	**67,377,693**

Property	December 31, 2016	Additions	Change in estimate of environmental provision	Depletion	December 31, 2017
South Arturo, Nevada	6,000,380	1,120,168	(1,905,046)	(3,451,977)	1,763,525
Mercedes, Mexico	56,831,667	11,634,189	8,348,328	(8,558,944)	68,255,240
	62,832,047	12,754,357	6,443,282	(12,010,921)	70,018,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. PROPERTY, PLANT AND EQUIPMENT continued

(ii) Mineral properties not subject to depletion

Property	**December 31, 2017**	**Additions**	**Currency adjustment**	**Disposals**	**Currency Adjustment**	**March 31, 2018**
Rahill-Bonanza, Ontario	14,306,064	-	(387,219)	-	-	13,918,845
Hasaga, Ontario	10,604,133	-	(287,021)	-	-	10,317,112
Greenstone Gold, Ontario	39,743,365	-	(1,075,728)	-	-	38,667,637
McCoy-Cove, Nevada	48,755,906	145,294	-	-	-	48,901,200
Rye, Nevada	26,733	28,036	-	-	-	54,769
	113,436,201	**173,330**	**(1,749,968)**	**-**	**-**	**111,859,563**

Property	December 31, 2016	Additions	Change in estimate of environmental provision	Write-down	Currency adjustment	December 31, 2017
Rahill-Bonanza, Ontario	13,365,718	607	-	-	939,739	14,306,064
Hasaga, Ontario	9,949,068	-	(42,754)	-	697,819	10,604,133
Greenstone Gold, Ontario	37,132,681	-	-	-	2,610,684	39,743,365
McCoy-Cove, Nevada	47,814,109	-	941,797	-	-	48,755,906
Cristina, Mexico	1,303,863	(5,725)	-	(1,474,842)	176,704	-
Rye, Nevada	-	26,733	-	-	-	26,733
	109,565,439	**21,615**	**899,043**	**(1,474,842)**	**4,424,946**	**113,436,201**

(iii) Depletion, depreciation and amortization on property, plant and equipment recorded during the period ended March 31, 2018 and 2017 include amounts allocated to:

	Three months ended	
	March 31, 2018	March 31, 2017
Depreciation, depletion and amortization	**8,197,081**	22,503,591
Recorded in exploration, evaluation and pre-development	**22,465**	17,713
Recorded in general and administrative	**56,327**	28,299
Recorded in property maintenance	**1,079**	1,031
	8,276,952	22,550,634
Inventory movement	**(2,775,342)**	(16,233,465)
Total depletion, depreciation and amortization	**5,501,610**	6,317,169

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10. DEFERRED REVENUE

	March 31, 2018	December 31, 2017
Gold prepay (i)	**25,050,453**	27,804,720
Silver stream agreement (ii)	**8,336,693**	8,481,556
Total deferred revenue	**33,387,146**	36,286,276
Less: current portion	**13,953,190**	13,774,518
Total long term portion	**19,433,956**	22,511,758

(i) As part of the financing arrangement discussed in Note 4 of the audited consolidated financial statements for the year ended December 31, 2017, the Company entered into a gold prepay agreement. In exchange for $42,187,500, the Company will deliver to Orion 2,450 troy ounces of gold per quarter for a period of 15 consecutive quarters commencing December 31, 2016. The gold prepay has an annual interest rate of 6.5% payable on the principal balance quarterly which has been recorded as a liability based on the present value of the future interest payments. Subject to certain exceptions, the Company has the option to satisfy four interest payments in common shares issued at the then 10 day volume weighted average closing price. As of March 31, 2018, the Company has delivered 14,700 troy ounces of gold towards the gold prepay agreement with Orion.

	March 31, 2018	December 31, 2017
Opening balance	**27,804,720**	38,763,556
Recognition of revenue during the year	**(2,812,500)**	(11,250,000)
Amortization of costs	**58,233**	291,164
	25,050,453	27,804,720

(ii) For the silver streaming agreement, in exchange for $11,500,000 the Company will deliver to Orion 50% of the silver production from the Mercedes Mine for the first year following closing, 60% for the subsequent year, and 70% thereafter until the delivery of 1.25 million ounces of silver, after which the delivery will be reduced to 25% of the silver production until the delivery of 2.0 million ounces, and reduced further to 12.5% thereafter. Orion will pay an ongoing cash purchase price equal to 20% of the prevailing silver price. As of March 31, 2018, the Company has delivered 249,541 ounces of silver towards the silver streaming agreement with Orion.

	March 31, 2018	December 31, 2017
Opening balance	**8,481,555**	10,770,169
Impact of adopting IFRS 15 on January 1, 2018 (Note 3(a))	**336,119**	-
Adjusted balance at January 1, 2018	**8,817,674**	10,770,169
Recognition of revenue during the period	**(656,507)**	(2,381,576)
Amortization of costs	**11,591**	92,962
Interest accretion	**163,935**	-
	8,336,693	8,481,555

(Stated in US Dollars)

11. LONG TERM DEBT

	March 31, 2018	December 31, 2017
Promissory note payable (i)	**50,000**	50,000
Credit facility (ii)	**20,000,000**	20,000,000
Total obligation	**20,050,000**	20,050,000
Less interest and debt agreement costs to be accreted	**411,024**	845,226
Present value of the obligation	**19,638,976**	19,204,774
Current portion of long-term debt	**19,638,976**	19,204,774

Scheduled debt principal repayments

	2018
Promissory note payable (i)	50,000
Credit facility (ii)	20,000,000
Total	20,050,000

(i) Promissory note payable

The Company, through its wholly owned subsidiary, Premier Gold Mines Nevada Inc. holds a non-interest bearing promissory note secured by a deed of trust on the Blue Sage property. The outstanding principal of the promissory note at March 31, 2018 is $50,000 repayable on July 19, 2018.

(ii) Credit facility

In conjunction with the financing arrangement related to the acquisition of Mercedes mine in 2016, the Company drew $45,000,000 on the senior unsecured term facility (“credit facility”) with Orion. The credit facility bears interest at the rate of 6% annually, payable only on the amount drawn and is paid quarterly. The credit facility principal is due upon maturity at June 30, 2018. On November 6, 2017, the Company paid $25,000,000 to Orion on exercise of the option to repay a portion of the term facility, leaving a balance outstanding of $20,000,000 at March 31, 2018 ($20,000,000 at December 31, 2017).

There is no stand-by interest payable under the credit facility, but loan commitment and other fees that were paid upon closing were $2,792,280.

PREMIER
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12. PROVISION FOR ENVIRONMENTAL REHABILITATION

The Company estimates that the undiscounted uninflated future value of the cash flows required to settle the provision is $3,381,014 for the Hasaga, Northern Empire Mill and the Faymar Deloro property in Canada, $2,317,713 for the McCoy-Cove property, $11,718,302 for the South Arturo Mine project in the United States and $15,340,000 for the Mercedes Mine project in Mexico. In calculating the best estimate of the Company's provision, management used risk free interest rates ranging from 1.53% to 7.63%. A reconciliation of the discounted provision is provided below:

	Northern Empire Mill	**Faymar Deloro property**	**Hasaga property**	**McCoy-Cove property**	**South Arturo property**	**Mercedes Mine**	**Total**
Balance, January 1, 2018	**1,566,351**	**391,405**	**186,286**	**1,712,219**	**4,804,785**	**14,648,158**	**23,309,204**
Change in estimate capitalized	-	-	-	-	(132,102)	(1,769,392)	(1,901,494)
Accretion expense	8,007	1,622	974	11,445	31,075	245,661	298,784
Currency adjustment	(42,549)	(10,625)	(5,061)	-	-	-	(58,235)
Balance, March 31, 2018	**1,531,809**	**382,402**	**182,199**	**1,723,664**	**4,703,758**	**13,124,427**	**21,648,259**
Less current portion	**109,194**	**-**	**-**	**-**	**5,767**	**-**	**114,961**
Long term portion	**1,422,615**	**382,402**	**182,199**	**1,723,664**	**4,697,991**	**13,124,427**	**21,533,298**

	Northern Empire Mill	Faymar Deloro property	Hasaga property	McCoy-Cove property	South Arturo property	Mercedes Mine	Total
Balance, January 1, 2017	1,699,454	615,803	226,896	945,658	6,988,756	6,130,131	16,606,698
New obligation	-	-	-	1,096,080	-	3,614,804	4,710,884
Change in estimate expensed	(152,978)	(155,261)	-	-	-	-	(308,239)
Change in estimate capitalized	-	-	(44,423)	(154,282)	(1,894,687)	3,725,399	1,632,007
Accretion expense	31,211	9,624	3,813	30,546	186,393	703,208	964,795
Reclamation expenditures	(11,336)	(78,761)	-	(147,581)	-	-	(237,678)
Currency adjustment	-	-	-	(58,202)	(475,677)	474,616	(59,263)
Balance, December 31, 2017	1,566,351	391,405	186,286	1,712,219	4,804,785	14,648,158	23,309,204
Less current portion	-	128,395	3,892	301,654	5,767	-	439,708
Long term portion	1,566,351	263,010	182,394	1,410,565	4,799,018	14,648,158	22,869,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. OTHER LIABILITIES

	March 31, 2018	December 31, 2017
Financial liability (i)	**1,728,273**	2,112,333
Offtake obligation (ii)	**2,012,893**	2,433,868
Share based payment liability (iii)	**318,789**	235,058
Warrant liability (iv)	**47,309**	-
Total other liabilities	**4,107,264**	4,781,259
Less: current portion	**1,634,151**	1,720,623
Long term portion	**2,473,113**	3,060,636

(i) Financial liability

The financial liability represents the present value of the interest component of the gold prepay agreement discussed in Note 10. $1,390,899 of the liability represents the amount of interest to be amortized within the next year and is shown as current portion of other liabilities.

(ii) Offtake obligation

The Company originally entered into an agreement to sell up to 20,000 ounces of gold annually for a period of 90 months from the date of the first outturn from the South Arturo mine, subsequently amended to an additional 20,000 ounces for the Mercedes gold production as described in Note 4 to the December 31, 2017 audited financial statements, limited to an annual aggregate maximum of 35,000 ounces of gold from all properties. The final purchase price to be paid by Orion will be, at Orion's option, a market referenced gold price in US dollars per ounce during a defined pricing period before and after the date of each sale. In the event that the Company does not produce 35,000 ounces in any given year, the obligation is limited to those ounces actually produced.

The Company has determined the offtake obligation represents a derivative liability for the gold price option feature included in the agreement and as such is remeasured at fair value at each balance sheet date with changes in fair value being recorded in profit or loss. The offtake obligation had an unrealized gain of $420,975 for three months ended March 31, 2018 ($429,008 gain for three months ended March 31, 2017) included in the unrealized gain on derivatives.

(iii) Share-based payment liability

The Company recognized a share-based payment liability of $318,789 at March 31, 2018 ($235,058 at December 31, 2017) under the Company's restricted share unit plan as discussed in Note 14(e). The current portion of the liability is $195,943 at March 31, 2018 ($59,144 at December 31, 2017) representing the cash settlement expected on the next vesting date.

(iv) Warrant liability

As of March 31, 2018, the Company had 4 million Common Share Purchase Warrants outstanding, of which each are exercisable into one fully paid and non-assessable common share of the Company. 1 million of the warrants are exercisable into 1 million common shares at C$5.46 per share until June 30, 2018 and 3 million of the warrants are exercisable into 3 million common shares at C$4.75 per share until September 30, 2018. The warrants are considered derivatives because their exercise price is in CAD whereas the Company's functional currency is in USD. Accordingly, the Company recognizes the warrants at fair value with changes in fair value recognized in profit or loss. At January 1, 2018, on the change in functional currency discussed in Note 2(c) to the condensed consolidated interim financial statements, the Company recognized an initial fair value of the liability of $440,813 (C$553,000) with a corresponding reduction in share capital. For the three months ended March 31, 2018, the Company recognized a reduction in the liability of $393,524 (C$492,000) based on the fair value at March 31, 2018, of which $4,519 was the result of foreign exchange. The fair value for the warrants at March 31, 2018 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31, 2018	January 1, 2018
Risk free rate	**1.5%**	1.5%
Warrant expected life	**.5 years**	.75 years
Expected volatility	**43% to 46%**	36% to 42%
Expected dividend	**0%**	0%
Share price	**C$2.82**	C$3.52

(Stated in US Dollars)

14. CAPITAL

(a) Authorized Share Capital

At March 31, 2018, the authorized share capital consisted of an unlimited number of common shares and an unlimited number of preferred shares without par value.

(b) Normal course issuer bid

On July 20, 2017, the Company announced that approval had been received from the Toronto Stock Exchange for a normal course issuer bid to purchase up to 19,599,646 of its issued and outstanding shares. The purchase of the shares may commence on July 25, 2017 and end on July 24, 2018. No shares have been purchased under the bid to date.

(c) Share option plan

The Company has a share purchase compensation plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Company. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 1% with respect to any one optionee of the number of issued and outstanding common shares of the Company at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

(d) Stock options

The continuity of stock options issued and outstanding are as follows:

	Options outstanding #	**Weighted average exercise price (CAD)**
Outstanding at January 1, 2017	9,593,900	3.04
Granted	1,991,000	3.07
Exercised	(892,900)	2.52
Expired	(1,900,000)	4.61
Forfeited	(38,000)	2.53
Outstanding at December 31, 2017	8,754,000	2.77
Granted	1,811,000	3.23
Exercised	(225,300)	2.76
Expired	(311,400)	3.07
Forfeited	(16,800)	3.18
Outstanding at March 31, 2018	10,011,500	2.84

The weighted average share price at the date of exercise in 2018 was C$3.18 (C$3.72 at December 31, 2017).

At March 31, 2018 the following options were outstanding and outstanding and exercisable:

	Outstanding			Outstanding and Exercisable		
Exercise price $	Options #	Weighted average exercise price (CAD)	Weighted average remaining life years	Options #	Weighted average exercise price (CAD)	Weighted average remaining life years
1.40 - 1.79	652,000	1.64	0.49	652,000	1.64	0.49
2.03 - 2.85	3,460,000	2.40	2.00	3,395,000	2.40	2.00
3.06 - 3.65	5,669,500	3.17	3.95	5,594,500	3.17	2.37
4.28 - 4.78	230,000	4.71	3.35	180,000	4.70	3.35
	10,011,500	2.84	3.04	9,821,500	2.83	2.13

(Stated in US Dollars)

14. CAPITAL continued

Total vested stock options at March 31, 2018, were 9,821,500 with a weighted average exercise price of C$2.83 (8,489,000 at December 31, 2017 with a weighted average exercise price of C$2.75).

The Company applies the fair value method of accounting for all stock based compensation awards and accordingly, $2,136,313 was recorded for options and shares issued as compensation during the period ended March 31, 2018 ($2,002,883 for the period ended March 31, 2017). The options had a weighted average grant date fair value of C$1.47 (C$1.35 for the period ended March 31, 2017). As of March 31, 2018, there were 190,000 unvested stock options (265,000 at December 31, 2017).

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	March 31, 2018	December 31, 2017
Risk-free interest rate	1.465% - 1.631%	0.97% - 1.02%
Annualized volatility based on historical volatility	57%	57%
Expeceted dividend	Nil	Nil
Forfeiture rate	Nil	Nil
Expected option life	4 years	4 years

(e) Restricted Share Unit Plan

The Corporation adopted the Restricted Share Unit ("RSU") plan to allow the Board of Directors to grant its employees non-transferable share units based on the value of the Company's share price at the date of grant. The awards have a graded vesting schedule over a three year period.

Under the RSU plan, the awards can be equity or cash settled immediately upon vesting. The following table summarizes the changes in the RSUs for the period ended March 31, 2018:

	RSUs outstanding #	**Weighted average fair value (CAD)**
Outstanding at December 31, 2016	-	0.00
Granted	302,000	3.06
Settled	(97,000)	3.86
Forfeited	(11,000)	3.08
Outstanding at December 31, 2017	194,000	3.60
Granted	311,500	3.24
Settled	(2,333)	3.23
Forfeited	(7,000)	3.34
Outstanding March 31, 2018	496,167	2.82

As the options are expected to be settled in cash, at March 31, 2018, a current liability of $195,943 and a long term liability of $122,846 was outstanding and included in other liabilities as disclosed in note 13. For the period ended March 31, 2018, $90,102 has been recorded as an expense and included in share-based payments, $59,144 for the period ended March 31, 2017. The fair value of the RSUs at March 31, 2018 was C$1,085,149 (C$556,716 at December 31, 2017).

(f) Share-based payments

	March 31, 2018	March 31, 2017
Stock option valuation	**2,136,313**	2,002,883
RSU valuation	**90,102**	59,144
	2,226,415	2,062,027

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(Unaudited)

15. INCOME / (LOSS) PER SHARE

Basic income / (loss) per share is calculated based on the weighted average number of common shares and common share equivalents outstanding during the three months ended March 31, 2018, and 2017. Diluted income per share is based on the assumption that stock options that have an exercise price less than the average market price of the Company's common shares during the period have been exercised on the later of the beginning of the year and the date granted. Net income / (loss) and basic weighted average shares outstanding are reconciled to diluted net income and diluted weighted average shares outstanding, respectively, as follows:

	Three months ended	
	March 31, 2018	March 31, 2017
Net income / (loss) for the period	**(2,019,738)**	5,054,955
Basic weighted average shares outstanding	**201,541,225**	201,530,687
Dilution adjustment for stock options	**-**	4,110,485
Diluted weighted average shares outstanding	**201,541,225**	205,641,172
Basic and diluted income / (loss) per share	**(0.01)**	0.02

An amount of 9,821,500 stock options and 4,000,000 warrants were excluded from the computation of weighted average shares outstanding for the three months ended March 31, 2018 (6,217,400 and 4,000,000 respectively, for the three months ended March 31, 2017), as their effect would be anti-dilutive.

16. SUPPLEMENTAL CASH FLOW INFORMATION

The significant non-cash activities during the period are as follows:

	Three months ended	
	March 31, 2018	March 31, 2017
Fair value of shares issued for termination of option agreement	**57,925**	-
Fair value of stock options allocated to share capital upon excercise	**299,146**	996,275
Fair value gain on offtake derivative liability	**420,975**	429,008
Fair value loss on forward contract	**-**	1,363,906

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17. EXPLORATION, EVALUATION, AND PRE-DEVELOPMENT

	Three months ended	
	March 31, 2018	March 31, 2017
Rahill-Bonanza, Ontario	**15,868**	52,110
Hasaga, Ontario	**943,563**	1,098,596
Greenstone Gold, Ontario	**1,507,352**	1,155,748
McCoy-Cove, Nevada	**2,347,254**	3,806,745
Goldbank, Nevada (i)	**865,903**	101,649
South Arturo, Nevada	**58,414**	-
Cristina, Mexico	**-**	485,974
Mercedes, Mexico	**620,575**	267,148
Rye, Nevada (ii)	**776**	-
Technical services	**118,217**	-
	6,477,922	6,967,970

(i) On July 26, 2016, the Company entered into an agreement with Kinross Gold USA Inc. ("Kinross") to explore the Goldbanks project, the Company will have the right to earn up to a 50% interest in the project if they meet the spending requirements of $20,000,000 by December 31, 2021. The Company has a minimum spending requirement of $3,500,000.

(ii) On December 11, 2017, the Corporation and its wholly owned subsidiary Premier Rye LLC signed an agreement to earn a 100% interest in Barrick's Rye Vein property ("Rye") in Pershing County, Nevada subject to a minimum of $3,000,000USD in exploration expenditures on the property before December 31, 2019. Barrick will retain a 1% NSR on Rye where there is no existing royalty. Barrick will also retain a backin right to purchase a 51% interest in Rye in return for a cash payment equal to three times the cumulative work expenditures on the property under certain timelines and conditions which if not met, could result in lump sum payments to Barrick on a production decision by the Corporation.

18. GENERAL AND ADMINISTRATION

	Three months ended	
	March 31, 2018	March 31, 2017
Corporate administration	**600,815**	655,447
Corporate salaries and benefits	**851,922**	626,222
Professional fees	**232,131**	293,886
Project administration (i)	**222,725**	31,619
	1,907,593	1,607,174

(i) Management fees and other administrative costs related to the projects included in the co-ownerships.

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19. SEGMENTED INFORMATION

Results of the Company's operating segments are reviewed by the Company's chief operating decision makers ("CODM") to make decisions about resources to be allocated to the segments and to assess their performance. The CODM are comprised of the senior management team, who rely on a management team with its members positioned in the geographical regions where the Company's key operations are located.

Operating Mine Properties & Exploration Projects

The Company's operating segments are reported by operating mine properties and exploration projects. The results from operations for these reportable segments are summarized in the following tables:

Three months ended March 31, 2018	**Mercedes**	**South Arturo**	**Exploration**	**Corporate and other**	**Total**
Revenue	23,244,876	15,930,725	-	-	39,175,601
Cost of sales	(16,498,426)	(4,839,016)	-	-	(21,337,442)
Depletion, depreciation and amortization	(4,332,234)	(3,864,847)	-	-	(8,197,081)
Mine operating income	2,414,216	7,226,862	-	-	9,641,078
Exploration, evaluation and pre-development	(620,574)	(58,414)	(5,499,945)	(298,989)	(6,477,922)
Overhead costs	(16,799)	(12,315)	(378,999)	(3,861,453)	(4,269,566)
Other income / (expense)	(1,064,681)	2,309	1,678,723	1,647,483	2,263,834
Finance expense	(245,659)	(31,075)	(23,680)	(1,039,303)	(1,339,717)
Income / (loss) before income taxes	466,503	7,127,367	(4,223,901)	(3,552,262)	(182,293)
Current and deferred tax (expense) recovery	(994,963)	(762,480)	272,763	(352,765)	(1,837,445)
Income / (loss) for the period	**(528,460)**	**6,364,887**	**(3,951,138)**	**(3,905,027)**	**(2,019,738)**

Three months ended March 31, 2017	**Mercedes**	**South Arturo**	**Exploration**	**Corporate and other**	**Total**
Revenue	21,463,860	43,082,909	-	-	64,546,769
Cost of sales	(11,989,825)	(8,508,817)	-	-	(20,498,642)
Depletion, depreciation and amortization	(3,761,083)	(18,742,508)	-	-	(22,503,591)
Mine operating income	5,712,952	15,831,584	-	-	21,544,536
Exploration, evaluation and pre-development	(267,147)	-	(6,700,823)	-	(6,967,970)
Overhead costs	188,624	(15,404)	(158,516)	(3,637,582)	(3,622,878)
Other income / (expense)	(1,464,814)	-	1,298,311	388,556	222,053
Finance expense	(86,632)	(50,425)	(17,267)	(1,793,104)	(1,947,428)
Income / (loss) before income taxes	4,082,983	15,765,755	(5,578,295)	(5,042,130)	9,228,313
Current and deferred tax (expense) recovery	(2,873,393)	(1,287,301)	-	(12,664)	(4,173,358)
Income / (loss) for the period	**1,209,590**	**14,478,454**	**(5,578,295)**	**(5,054,794)**	**5,054,955**

As at March 31, 2018	**Mercedes**	**South Arturo**	**Exploration**	**Corporate and other**	**Total**
Capital expenditures	4,358,492	481,844	358,837	132,735	5,331,908
Property, plant and equipment	147,357,266	4,881,866	114,152,006	493,270	266,884,408
Total assets	181,500,845	19,247,182	117,717,962	100,943,104	419,409,093
Total liabilities	34,313,380	9,363,930	11,201,508	58,163,571	113,042,389

As at December 31, 2017	**Mercedes**	**South Arturo**	**Exploration**	**Corporate and other**	**Total**
Capital expenditures	16,699,160	1,185,573	155,319	2,142,948	20,183,000
Property, plant and equipment	149,751,550	4,970,115	115,650,242	387,425	270,759,332
Total assets	185,554,259	20,485,716	118,647,290	102,901,096	427,588,361
Total liabilities	36,862,522	7,989,375	11,236,834	63,012,361	119,101,092

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19. SEGMENTED INFORMATION continued

Geographical Segments

The Company operates in three principal geographical areas - Canada (country of domicile), the United States, and Mexico. The Company's revenue by location of operations and information about the Company's assets by location are detailed below:

Three months ended March 31, 2018	Canada	U.S.A.	Mexico	Corporate and other	Total
Revenue	-	15,930,725	23,244,876	-	39,175,601
Cost of sales	-	(4,839,016)	(16,498,426)	-	(21,337,442)
Depletion, depreciation and amortization	-	(3,864,847)	(4,332,234)	-	(8,197,081)
Mine operating income	-	7,226,862	2,414,216	-	9,641,078
Exploration, maintenance and rehabilitation	(2,471,241)	(3,087,118)	(620,574)	(298,989)	(6,477,922)
Overhead costs	(324,848)	(61,446)	(21,819)	(3,861,453)	(4,269,566)
Other income / (expense)	1,692,385	2,309	(1,078,343)	1,647,483	2,263,834
Finance expense	(10,604)	(44,151)	(245,659)	(1,039,303)	(1,339,717)
Income / (loss) before income taxes	(1,114,308)	4,036,456	447,821	(3,552,262)	(182,293)
Current and deferred tax (expense) recovery	272,763	(762,480)	(994,963)	(352,765)	(1,837,445)
Income / (loss) for the period	**(841,545)**	**3,273,976**	**(547,142)**	**(3,905,027)**	**(2,019,738)**

Three months ended March 31, 2017	Canada	U.S.A.	Mexico	Corporate and other	Total
Revenue	-	43,082,909	21,463,860	-	64,546,769
Cost of sales	-	(8,508,817)	(11,989,825)	-	(20,498,642)
Depletion, depreciation and amortization	-	(18,742,508)	(3,761,083)	-	(22,503,591)
Mine operating income	-	15,831,584	5,712,952	-	21,544,536
Exploration, maintenance and rehabilitation	(2,376,301)	(3,908,925)	(757,318)	-	(7,042,544)
Overhead costs	(68,326)	(16,849)	174,453	(3,637,582)	(3,548,304)
Other income / (expense)	1,289,763	8,548	(1,464,814)	388,556	222,053
Finance expense	(9,260)	(58,432)	(86,632)	(1,793,104)	(1,947,428)
Income / (loss) before income taxes	(1,164,124)	11,855,926	3,578,641	(5,042,130)	9,228,313
Current and deferred tax (expense) recovery	-	(1,287,301)	(2,873,393)	(12,664)	(4,173,358)
Income / (loss) for the period	**(1,164,124)**	**10,568,625**	**705,248**	**(5,054,794)**	**5,054,955**

As at March 31, 2018	Canada	U.S.A.	Mexico	Corporate and other	Total
Capital expenditures	40,223	800,459	4,358,491	132,735	5,331,908
Property, plant and equipment	64,835,873	54,197,999	147,357,266	493,270	266,884,408
Total assets	66,284,266	70,272,828	181,908,895	100,943,104	419,409,093
Total liabilities	8,074,677	12,489,068	34,315,073	58,163,571	113,042,389

As at December 31, 2017	Canada	U.S.A.	Mexico	Corporate and other	Total
Capital expenditures	7,789	1,338,829	16,693,434	2,142,948	20,183,000
Property, plant and equipment	66,640,212	53,980,145	149,751,550	387,425	270,759,332
Total assets	67,673,411	71,062,848	185,951,006	102,901,096	427,588,361
Total liabilities	8,488,805	10,736,125	36,863,801	63,012,361	119,101,092

For the three months ended March 31, 2018, 100% of metal sales were to Orion. The Corporation is not economically dependent on a limited number of customers for the sale of its product because gold and other metals can be sold through numerous commodity traders worldwide.

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20. RELATED PARTY TRANSACTIONS

Related parties include key management personnel and entities over which they have control or significant influence as described in Note 2 (b).

For the year ended December 31, 2017, related parties inlcuded DRAX Services Limited, The Alyris Group and Alyris leasing Inc.

Service contracts with DRAX Services Limited, The Alyris Group and Alyris Leasing Inc. were terminated prior to January 1, 2018 and therefore there are no transactions with these entities to report for the period ended March 31, 2018.

The transactions identified below are shown for comparative purposes only. They relate to the period ended March 31, 2017 and were recorded at the exchange amount agreed to by the parties.

(a) Included in general and administrative expenses are amounts totaling $9,953 for corporate secretarial services by DRAX Services Limited related to the Company through Shaun Drake, Corporate Secretary of the Company.

(b) Included in general and administrative expenditures are amounts totaling $20,321 for IT support services provided by The Alyris Group, a company related to the Company through Ewan Downie, Director, President and Chief Executive Officer of the Company, and Steve Filipovic, Chief Financial Officer of the Company.

(c) Included in general and administrative expenditures are amounts totaling $29,791 for rental charges paid to Alyris Leasing Inc., a company related to the Company through Ewan Downie, Director, President and Chief Executive Officer of the Company, and Steve Filipovic, Chief Financial Officer of the Company.

Transactions with key management personnel

Key management personnel remuneration includes the following amounts:

	Three months ended	
	March 31, 2018	March 31, 2017
Salary, wages and benefits	**847,121**	502,711
Share-based payments	**1,823,801**	1,208,748
	2,670,922	1,711,459

21. COMMITMENTS

(a) Contractual obligations

The Company has commitments relating to facilities and other operating leases extending to 2022. The minimum annual contractual and lease payments for the five years are as follows:

	$
2018	478,800
2019	534,429
2020	221,884
2021	14,310
2022	1,184
	1,250,607

(b) Gold forward contracts

At March 31, 2018, the Company held forward contracts requiring the delivery of 1,500 ounces of gold per month at a price of $1,280 per ounce from April 2018 to December 2018.

The contracts required no cash or other consideration and are intended to be settled with production from the Company's mining operations. If the contracted ounces are not delivered on the delivery date, as per the terms of the agreement, the Company will compensate the counterparty for the difference between the contract price and the market price per ounce on the delivery date.

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21. COMMITMENTS continued

(c) Surety Bonds

At March 31, 2018, the Company has outstanding surety bonds in the amount of $7,023,968 in favour of the United States Department of the Interior, Bureau of Land Management ("BLM") as financial support for environmental reclamation and exploration permitting. The surety bonds are secured by a $600,000 deposit and are subject to fees competitively determined in the market place. The obligations associated with these instruments are generally related to performance requirements that the Company addresses through its ongoing operations. As specific requirements are met, the BLM as beneficiary of the instrument will return the instrument to the issuing entity. As these instruments are associated with operating sites with long-lived assets, they will remain outstanding until closure.

22. FINANCIAL INSTRUMENTS

Fair value

IFRS 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets / (liabilities) measured at fair value by level within the fair value hierarchy at March 31, 2018, and December 31, 2017:

	Level 1		Level 2		Level 3		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Canadian equity investments	**210,751**	317,732	**-**	-	**-**	-	**210,751**	317,732
Offtake obligation (i)	**-**	-	**-**	-	**2,012,893**	2,433,868	**2,012,893**	2,433,868
Share-based payment liability	**-**	-	**318,789**	235,058	**-**	-	**318,789**	235,058
Warrant liability	-	-	**47,309**	-	-	-	**47,309**	-
	210,751	317,732	**366,098**	235,058	**2,012,893**	2,433,868	**2,589,742**	2,986,658

(i) The offtake obligation entered into during 2016 has been classified as level 3 as the valuation includes significant unobservable inputs.

Set out below are the Company's financial assets by category:

	Fair value through profit or loss		Loans and receivables		Total	
	2018	2017	**2018**	2017	**2018**	2017
Cash and cash equivalents	**-**	-	**98,428,288**	103,046,033	**98,428,288**	103,046,033
Receivables	**-**	-	**15,695,474**	11,806,754	**15,695,474**	11,806,754
Canadian equity investments	**210,751**	317,732	**-**	-	**210,751**	317,732
Restricted cash and cash equivalents	**-**	-	**4,863,171**	4,720,621	**4,863,171**	4,720,621
	210,751	317,732	**118,986,933**	119,573,408	**119,197,684**	119,891,140

(Stated in US Dollars)

22. FINANCIAL INSTRUMENTS continued

	Fair value through profit or loss		Other financial liabilities		Total	
	2018	2017	**2018**	2017	**2018**	2017
Accounts payable and accrued liabilities	**-**	-	**17,063,472**	18,471,132	**17,063,472**	18,471,132
Long term debt	**-**	-	**19,638,976**	19,204,774	**19,638,976**	19,204,774
Offtake obligation	**2,012,893**	2,433,868	**-**	-	**2,012,893**	2,433,868
Share-based payment liability	**318,789**	235,058	**-**	-	**318,789**	235,058
Warrant liability	**47,309**	-	**-**	-	**47,309**	-
Other liability	**-**	-	**1,728,273**	2,112,333	**1,728,273**	2,112,333
	2,378,991	2,668,926	**38,430,721**	39,788,239	**40,809,712**	42,457,165

The fair value of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate their carrying value due to their short term nature. The fair value of the Company's long term debt is approximated by its carrying value.

The offtake obligation is valued using the a forward strike lookback option valuation model with key inputs that include the Company's assessment of expected gold prices and discount to gold prices during the quotational period, discount rates that are commensurate with the risks associated with the financial liability to reflect the time value of money and the expected production levels.

23. MANAGEMENT OF CAPITAL

The Company manages its share capital, equity settled employee benefits reserve, warrant reserve and contributed surplus as capital, the balance of which is $579,607,395 at March 31, 2018 ($577,371,219 at December 31, 2017). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going-concern in order to pursue the exploration and development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or acquire new debt.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company expects its current capital resources will be sufficient to carry out its exploration and evaluation plans through 2018.

24. CONTINGENCIES

Legal claims

On December 17, 2017, a claim was filed against the Company and certain of its affiliates (collectively "Premier") for approximately $4.6 million in connection with a share purchase transaction that closed on September 30, 2016. The claim relates to a dispute over certain postclosing adjustments which based on the terms of the agreement result in a payment to Premier of $1.26 million. Premier has filed a Statement of Defence denying liability and counterclaiming for the $1.26 million. Premier is awaiting delivery of the reply and defence to the counterclaim. Based on facts currently known, management believes that Premier has a strong defence and that there is significant merit to the counterclaim.

25. SUBSEQUENT EVENT

Repayment of long-term debt

Subsequent to March 31, 2018, the Company paid the remaining balance owing on the Orion credit facility discussed in Note 11. The payment was $20.1 million including accrued interest.