PREMIER GOLD MINES LIMITED

Management's Discussion and Analysis

For the Quarter ended September 30, 2019

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Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis ("MD&A") of Premier Gold Mines Limited (the "Company" or "Premier") should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019 and the notes thereto. The Company's unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise stated, all amounts discussed herein are denominated in U.S. dollars. This MD&A was prepared as of November 12, 2019 and all information is current as of such date. Readers are encouraged to read the Company's public information filings on SEDAR at www.sedar.com.

This discussion provides management's analysis of Premier's historical financial and operating results and provides estimates of Premier's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

OVERVIEW

Company Overview

Premier is a growth oriented, Canadian based, mining company involved in the exploration, development and production of gold and silver deposits in Canada, the United States and Mexico. The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol PG and its head office is located at Suite 200, 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2.

The Company's principal mining assets include:

- Wholly owned 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 through a partnership with Greenstone Gold Mines located along the Trans-Canada highway in Ontario, Canada.

Other key advanced exploration and development properties include:

- A 100% interest in the Cove gold property located in Nevada, USA,
- An earn-in agreement with Barrick Gold, related to the McCoy-Cove property located in Nevada, USA,
- A 100% interest in the Hasaga Gold Project in Red Lake, Ontario, Canada, and
- A 44% joint venture interest with Goldcorp in the Rahill-Bonanza projects, also of Red Lake Ontario, Canada.

Third Quarter and Year to Date Operating and Financial Highlights

- Production of 16,484 ounces of gold and 37,856 ounces of silver for the quarter
- Production of 50,547 ounces of gold and 147,328 ounces of silver year to date
- 953 ounces of pre-production gold recovered at South Arturo
- Cash costs[1] of $1,095 per ounce of gold sold for the quarter, $961 per ounce of gold sold year to date
- AISC[1] of $1,354 per ounce of gold sold for the quarter, $1,218 per ounce of gold sold year to date
- Revenue of $18.7 million for the quarter, $64.9 million year to date
- Mine operating loss of $0.4 million for the quarter, mine operating income of $2.6 million year to date
- Net loss of $4.1 million, $15.1 million year to date
- Cash balance of $33.1 million at September 30, 2019

[1] See "Non-IFRS Measures" section of this Management's Discussion and Analysis.

Key Operating and Financial Statistics

(in millions of U.S. dollars, unless otherwise stated) [iii]		Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
Ore milled	*tonnes*	174,285	180,942	529,091	672,613
Gold produced	*ounces*	16,484	20,100	50,547	66,657
Silver produced	*ounces*	37,856	89,512	147,328	201,084
Gold sold	*ounces*	13,187	21,466	48,065	71,383
Silver sold	*ounces*	35,587	85,376	154,651	209,684
Realized Price					
Average realized gold price [i,ii]	*$/ounce*	1,382	1,209	1,306	1,268
Average realized silver price [i,ii]	*$/ounce*	17	15	16	16
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,095	858	961	826
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,354	1,008	1,218	956
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	14	10	12	11
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	17	12	15	13
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,086	840	948	810
By-product all- in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,353	997	1,214	946
Financial Measures					
Gold revenue	*m $*	18.1	25.8	62.4	90.2
Silver revenue	*m $*	0.6	1.5	2.4	3.8
Total revenue	*m $*	18.7	27.3	64.9	94.0
Mine operating income / (loss)	*m $*	(0.4)	2.0	2.6	10.5
Net income / (loss)	*m $*	(4.1)	(1.8)	(15.1)	(11.5)
Earnings / (loss) per share	*/share*	(0.02)	(0.01)	(0.07)	(0.06)
EBITDA [i,ii]	*m $*	1.1	4.9	1.9	14.7
Cash & cash equivalents balance	*m $*	33.1	56.4	33.1	56.4
Cash flow from operations	*m $*	8.6	(2.8)	0.5	(3.2)
Free cash flow [i,ii]	*m $*	(3.9)	(11.3)	(37.9)	(23.0)
Exploration, evaluation & pre-development expense	*m $*	6.5	5.2	18.0	17.8
Capital					
Total capital expenditures	*m $*	12.6	8.5	38.4	19.9
Capital expenditures - sustaining [i,ii]	*m $*	1.9	1.9	8.6	5.4
Capital expenditures - expansionary [i,ii]	*m $*	10.6	6.6	29.8	14.4

[i] A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of this Management's Discussion and Analysis.

[ii] Cash costs, all-in sustaining costs, free cash flow, EBITDA, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

[iii] May not add due to rounding.

2019 Guidance

Production estimates for 2019 were derived from life of mine operating plans prepared based on mineral reserves associated with each property. Accordingly, the following table represents the assumptions and guidance for 2019.

Production Guidance 2019				
Mine	Gold ounces	Silver ounces	Cash Cost Au per ounce (i)	AISC Au per ounce (i)
Mercedes	75,000 - 85,000	225,000 - 250,000	$730 - $780	$900 - $950
Total	**75,000 - 85,000**	**225,000 - 250,000**	**$730 - $780**	**$900 - $950**

South Arturo pre-commercial production estimate 5,000-10,000 gold ounces.

(i)A cautionary note regarding Non-IFRS financial measures is included in the "non-IFRS Measures" section of this Management's Discussion & Analysis.

CREDIT FACILITY AND FINANCING PACKAGE

On January 31, 2019 the Company finalized a $50.0 million secured revolving term credit facility with Investec Bank plc ("Investec"), as administrative agent for the lenders thereunder (the "Investec credit facility") and certain financing arrangements with OMF Fund II SO Ltd. and Orion Mine Finance Fund II LP (collectively, "Orion") for aggregate gross proceeds of approximately $18.3 million.

Details of the Investec credit facility agreement include:

- Amounts borrowed will bear interest at a variable rate per annum equal to LIBOR plus an applicable rate ranging from 3.00% to 4.30% based on certain criteria;
- As consideration for a mandate fee paid on signing of the agreement and which is included in deferred financing costs (as disclosed in Note 10(ii)) to the September 30, 2019 unaudited condensed consolidated financial statements, the Company:
    - Paid cash of $0.25 million and issued 216,446 common shares of the Company with a fair value of $0.25 million and
    - Issued 1.5 million common share purchase warrants with a fair value of $415,326, with each warrant exercisable into one common share of the Company and an exercise price of C$2.17 for a period of three years (see details in note 15(iv) to the September 30, 2019 unaudited condensed consolidated financial statements).
- A commitment fee of 1.6% payable based on the number of days and unused balance of the facility;
- Security on the assets relating to the South Arturo mine in Elko County, Nevada, U.S.A. ("South Arturo Mine"), and the Mercedes mine in Hermosillo, Sonora, Mexico ("Mercedes Mine").

The Investec credit facility matures in four years and is subject to financial covenants including adjusted earnings before interest, taxes, depreciation and amortization ratio, a current ratio, a loan life coverage ratio and a minimum cash balance as well as certain reporting requirements. To the date of this report, the Company has drawn-down $7.5 million under the facility for working capital purposes.

In connection with the closing of the Orion financing arrangements:

- Orion subscribed for seven million common shares of the Company for aggregate gross proceeds of approximately $8.3 million or approximately C$1.58 per common share;
- The Company issued two million common share purchase warrants to Orion with each warrant exercisable into one common share with an exercise price of C$2.05 for a period of three years;
- The original silver stream agreement entered into on September 30, 2016 was amended and restated pursuant to which:
    - Orion paid an additional deposit of $10.0 million to a wholly owned subsidiary of the Company which will deliver to Orion 100% of the silver production from the Mercedes Mine and 100% of the silver production from the South Arturo Mine attributable to the Company until the delivery of 3.75 million ounces of silver (including deliveries previously made to Orion), after which the delivery will be reduced to 30% of the silver production from the Mercedes Mine and the South Arturo Mine;
    - The Company is required to deliver at least 300,000 ounces of refined silver in each calendar year to Orion until 2.1 million ounces of refined silver in aggregate have been delivered to Orion after the date hereof;
    - Orion will continue to pay an ongoing cash purchase price equal to 20% of the prevailing silver price; and
    - Orion has security over the assets relating to the South Arturo Mine in addition to the Mercedes Mine.
- The original offtake agreement entered into on September 30, 2016 was amended and restated to increase the annual gold sale quantity to 60,000 ounces of gold, subject to an annual aggregate maximum of 40,000 ounces of gold from each of (i) all of the Company's producing projects (other than the Mercedes Mine) and (ii) the Mercedes Mine; and
- The original gold prepay agreement entered into on September 30, 2016 was amended and restated to provide security to Orion over the assets relating to the South Arturo Mine and to provide for Orion's consent to security changes at the Mercedes Mine to facilitate the Investec credit facility.

As discussed in Note 4 to the September 30, 2019 unaudited condensed consolidated interim financial statements, the Company recorded a net gain on the contract modifications of $0.4 million related to the silver stream and offtake obligation.

RESULTS OF OPERATIONS

Selected Quarterly Information

The following is a summary of selected financial information which reflects the activity related to operations, investment, acquisition and divestment activities undertaken by the Company over the past eight quarters.

								For the years 2019, 2018, 2017
	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Gold sales (ounces) [ii]	13,187	17,358	17,520	15,653	21,466	20,642	29,275	23,000
Silver sales (ounces) [ii]	35,587	56,484	62,581	90,135	85,376	58,098	66,210	77,096

(in thousands of U.S. dollars, unless otherwise stated)	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017 Restated[i]
Revenue	18,750	22,991	23,120	19,885	27,336	27,470	39,176	30,240
Costs of sales	(14,847)	(18,325)	(14,721)	(10,582)	(19,305)	(20,539)	(21,337)	(17,106)
Depletion, depreciation and amortization	(4,344)	(5,327)	(4,712)	(3,234)	(6,011)	(8,126)	(8,197)	(5,927)
Mine operating income / (loss)	(441)	(661)	3,687	6,069	2,020	(1,195)	9,641	7,207
Other significant income / (loss):								
Royalty sale / write-down of inventory	5,976	-	-	(8,260)	-	-	-	-
Gain attributable to Greenstone Gold development commitment	4,668	4,213	2,952	2,349	2,450	3,403	1,690	1,593
Loss for the period	(4,065)	(10,072)	(933)	(8,908)	(1,844)	(7,654)	(2,020)	(3,647)
Basic and diluted loss per share	(0.02)	(0.05)	-	(0.04)	(0.01)	(0.04)	(0.01)	(0.02)

[i] Restated for the presentation currency change as discussed in the "Critical Accounting Judgements and Estimates, Policies and Changes" section of this Management's Discussion and Analysis.

[ii] May not total to annual amounts due to rounding.

Sales

Gold sales ounces over the past eight quarters have trended downward. Mercedes mine gold sales ounces have decreased from a high of 19,534 in Q1 of 2018 to a low of 13,187 in Q3 of 2019, partly due to timing of sales but mainly due to challenges related to the mine plan and mined grades. Contributing to the trend is the transition from mining to development at the South Arturo mine during late 2017 and into 2018, with gold sales ounces at a high of 12,095 in Q1 of 2018 and only 918 in Q2 of 2019. With the onset of production at South Arturo mine and remediation efforts in place at Mercedes, gold sales are expected to rebound in Q4 of 2019. For a full discussion on the mining operations, refer to the “Mine Operating Segments” section of this MD&A.

Revenue and net loss

Revenue and net income / (loss) presented over the eight quarters is generally reflective of the limited life of the South Arturo Phase 2 open pit where production wound down in the last half of 2017 and throughout 2018 and current minimal production from the processing of stockpile ounces. Revenue of $18.7 million for the third quarter of 2019 shows a decline in comparison to previous quarters as a result of the decreased sales volume discussed above.

The average realized gold price has trended upward in 2019, with an increase of $99 per ounce of gold sold in comparison to the previous quarter, contributing to a lower proportional decrease to that of the production.

Q3 of 2019 includes a gain on the sale of a package of net smelter return (“NSR”) royalties sold to Franco-Nevada Corporation for total gross proceeds of $6.0 million, improving the loss for the period in comparison to the second quarter of 2019. Q4 of 2018 includes the write down of inventory taken on the Republic Metals Corporation (“RMC”) bankruptcy which impacted revenue in the same quarter.

Quarter Results

(in thousands of U.S. dollars, unless otherwise noted)	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Revenue	**18,750**	**27,336**	**64,860**	**93,982**
Cost of sales	(14,847)	(19,305)	(47,893)	(61,181)
Depletion, depreciation and amortization	(4,344)	(6,011)	(14,383)	(22,334)
Mine operating income	**(441)**	**2,020**	**2,584**	**10,467**
Expenses				
Exploration, evaluation, and pre-development	6,486	5,131	18,022	17,747
Property maintenance	(125)	32	178	202
General and administrative	2,188	1,740	7,117	6,018
Share-based payments	760	29	3,234	2,534
Re-measurement of environmental rehabilitation provision	113	(99)	113	(99)
Operating loss	**(9,863)**	**(4,813)**	**(26,080)**	**(15,935)**

Certain items within the statement of loss and comprehensive loss have been reclassified in the current period and prior periods have been reclassified to reflect the change in presentation.

Revenue and Mine Operating Income

The decrease in revenue for the three months ended September 30, 2019 compared with the prior-year period was due to the decrease in sales volume of 8,279 gold ounces, of which 1,932 relate to South Arturo, and the rest to Mercedes. The average realized gold selling price increased to $1,382 per ounce from $1,209 per ounce in the same quarter of the previous year, limiting losses created by the lower volume of ounces. Cost of sales on a per ounce basis for the quarter was higher than in the prior-year period due to the weighting of Mercedes mine sales to South Arturo sales which are at a lower cost. Additionally, Mercedes cost of sales on a per unit basis increased when compared to previous quarter due to the higher production in areas that are further away from the processing plant, changes in production method in some areas, as well as similar fixed cost while the grades decreased from 3.52 grams/t in the third quarter of 2018 to 2.94 grams/t in the same period of 2019. Depletion is at a similar cost per ounce.

The decrease in revenue for the nine months ended September 30, 2019 of $29.1 million compared to the prior-year period was similarly due to sales volume of 19,996 gold ounces, of which 17,483 relate to South Arturo and 4,240 to Mercedes offset by an increase in the average realized gold selling price of $1,306 compared to $1,268 for 2018. The volume variances are discussed further in the "Mine Operating Segments" section of this MD&A.

Expenses

Exploration, evaluation and pre-development expense for the three months ended September 30, 2019 was $6.5 million compared to $5.1 million for the prior-year period. See further discussion in the Exploration, Evaluation and Pre-development section below.

General and administrative expenditures for the three months ended September 30, 2019 were $2.2 million compared to $1.7 million in the prior-year period, with the variance mostly explained by additional legal fees related to the legal claims referenced in note 28 to the September 30, 2019 unaudited condensed consolidated interim financial statements.

Share-based payments for the three month ended September 30, 2019 were $0.7 million higher than the prior-year period as a result of the valuation of restricted share units based on the Company's share price.

Other Income / Expense

(in thousands of U.S. dollars)	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Other income				
Investment and other income	24	18	75	66
Interest earned	81	108	387	545
Gain / (loss) on disposal of property, plant and equipment	-	(3)	229	321
Gain / (loss) on derivatives	(1,540)	(29)	(3,357)	943
Loss on investments	(7)	(5)	(19)	(94)
Gain / (loss) on foreign exchange	(976)	1,079	776	(1,237)
Gain attributable to Greenstone Gold development commitment	4,668	2,450	11,832	7,542
Gain on contract modifications	-	-	412	-
Change in fair value of silver stream contract	(1,690)	-	(2,851)	-
Gain on disposal of royalty	5,976	-	5,976	-
	6,536	**3,618**	**13,460**	**8,086**

Interest income is lower compared to the prior-year period for the three and nine months ended September 30, 2019 as a result of a decrease in cash balances as discussed further in the liquidity section.

The losses on derivatives for both the three and nine months ended September 30, 2019 of $1.5 million and $3.4 million respectively were mostly generated from the fair value loss on the valuation of zero cost collar option contracts. The loss also includes $0.24 million for the warranty liability.

The gain / (loss) on investments is not significant and is related to fair market value adjustments on Canadian equities held.

Canadian dollars, Mexican pesos and other monetary balances are impacted by fluctuations in the valuation of the U.S. dollar against the Canadian dollar and the Peso. The variance for the period ended September 30, 2019 to 2018 was a result of the U.S. dollar weakening by 2.3% and 4.4% against the Canadian dollar and Mexican peso respectively causing a swing in the foreign exchange gain / (loss) on monetary balances held in those currencies.

The gain on contract modifications shown in the nine months ended September 30, 2019 relates to the financing arrangement discussed in Note 4 to the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019. As a result of the contract amendment of the silver stream agreement, management determined that the deferred revenue accounting treatment no longer applies to the stream as there is no longer an own-use exemption from applying IFRS 9 treatment to the financing. In addition, due to the nature of the amendments, the instrument qualifies as a derivative carried at fair value through profit and loss. As such, the deferred revenue balance just prior to the contract amendment has been incorporated into the fair value assessment of the new instrument with the difference recognized as a loss on contract amendment included in other income / (expense) during the first quarter. The loss on the amendment includes the write-off of the remaining deferred costs on the original silver stream as well as the costs associated with the contract amendments. Similarly, the contract amendment to the offtake agreement resulted in a gain due to the reversal of the fair value liability associated with the collar embedded in the original agreement which was removed in the amended agreement. The amendment to the gold prepay agreement related to security only and did not result in a significant change to the contract.

The fair value loss on the silver stream is the difference between the fair value at inception of the amended agreement and September 30, 2019 and is attributable to the variability between the foregone revenue applied to the stream and the estimated amount and timing of ounces to be delivered under the stream.

The gain attributable to the Greenstone Gold development commitment for the period ended September 30, 2019 was $4.7 million compared to $2.4 million in the prior-year period, directly attributable to the level of exploration and pre-development work being carried out on the property as further discussed in the Exploration, Evaluation and Pre-Development section. The project continues to be fully funded by the co-ownership partner, Centerra Gold Inc. (“Centerra”).

PREMIER GOLD MINES LIMITED

Interest and Finance Expense

(in thousands of U.S. dollars)	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Finance expense				
Environmental rehabilitation accretion	110	315	735	903
Interest paid	256	374	801	1,657
Amortization of finance costs	150	60	422	1,038
Amortization of gold prepay interest	(154)	(307)	(576)	(1,037)
Silver stream accretion	-	147	48	467
Finance costs	203	-	607	-
	565	**589**	**2,037**	**3,028**

For the three and nine months ended September 30, 2019, the environmental accretion was lower compared to the prior-year due to lower environmental rehabilitation provisions during 2019 and a decrease in the risk free rate over the year. A mid-year review of the Mercedes rehabilitation program resulted in a decrease to the provision.

Interest costs and amortization of finance costs for the three months ended September 2019 remained similar when compared to the prior-year period and lower in the nine months ended September 30, 2019 due mainly to the declining balance of the gold prepay deferred revenue arrangement which has an interest component.

The amortization of the gold prepay interest is declining as the deferred revenue balance is drawn down reflected in the decreasing expense for the three and nine months ended September 30, 2019 as compared to the prior-year period. Accretion on the silver stream deferred revenue arrangement was recorded for the period to January 31, 2019 when the contract was amended and subsequently accounted for as a financial liability at fair value through profit or loss.

Other finance costs include the standby fees and other financing costs related to the credit facility and financing package described above.

Current and Deferred Taxes / Other Comprehensive Loss

(in thousands of U.S. dollars)	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Loss before income taxes	(3,892)	(1,784)	(14,657)	(10,877)
Current tax expense	(441)	(353)	(1,235)	(2,117)
Deferred tax recovery	268	293	822	1,476
Loss for the period	**(4,065)**	**(1,844)**	**(15,070)**	**(11,518)**
Exchange gain / (loss) on translation of foreign operations	819	(191)	(1,004)	(3,999)
Comprehensive income / (loss) for the period	**819**	**(191)**	**(1,004)**	**(3,999)**
Total comprehensive loss for the period	**(3,246)**	**(2,035)**	**(16,074)**	**(15,517)**

Current income taxes are comprised of mining royalty tax at Mercedes operations, Mercedes withholding tax, a current provision for income taxes for the Mexico service company providing operations staff for Mercedes and in 2018, net proceeds tax in Nevada related to the South Arturo mine operation. The current income tax expense decreased by $0.9 million for the nine months ended September 30, 2019 compared to the prior-year period primarily due to the reduction in net proceeds tax on processing at the South Arturo mine operation.

Deferred tax recoveries include a reversal of the deferred tax liability for Premier Gold Mines NWO Inc. due to exploration expensed for accounting purposes but capitalized for tax purposes in 2018 and a recovery of mining royalty deferred taxes for Mercedes Mine.

Other comprehensive income / (loss) includes the exchange impact on the translation of foreign operations and is impacted by the Premier subsidiaries that have a functional currency of CAD or MXN. The exchange gain for the three months ended September 30, 2019 is $0.8 million compared to a loss of $0.2 million for the prior-year period as a result of the fluctuation of the US dollar throughout the period for the CAD to USD rate. The MXN rate does not impact the exchange loss on translation of foreign operations to the same extent as the Mercedes mine has a functional currency of U.S. dollars.

Mining Operations

The following tables provide financial and non-financial information for the three and nine months ended September 30, 2019 and 2018 respectively.

(in millions of U.S. dollars, unless otherwise stated) (iii)		Three months ended September 30, 2019			Three months ended September 30, 2018		
		Mercedes	South Arturo	Total	Mercedes	South Arturo	Total
Ore & Metals							
Ore milled	*tonnes*	159,450	14,835	174,285	159,608	21,334	180,942
Gold produced	*ounces*	14,481	2,003	16,484	17,465	2,635	20,100
Silver produced	*ounces*	37,462	394	37,856	88,390	1,122	89,512
Gold sold	*ounces*	13,187	-	13,187	19,534	1,932	21,466
Silver sold	*ounces*	35,587	-	35,587	85,376	-	85,376
Average gold grade	*grams/t*	2.94	5.09		3.52	4.48	
Average silver grade	*grams/t*	22.60	-		39.40	-	
Average gold recovery rate	*%*	95.9	82.4		96.6	85.7	
Average silver recovery rate	*%*	32.3	-		43.7	-	
Realized Price							
Average realized gold price (i,ii)	*$/ounce*	1,382	-	1,382	1,210	1,200	1,209
Average realized silver price (i,ii)	*$/ounce*	17	-	17	15	-	15
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,095	-	1,095	904	396	858
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,354	-	1,354	1,059	498	1,008
Co-product cash costs per ounce of silver sold (i,ii)	*$/ounce*	14	-	14	10	-	10
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	*$/ounce*	17	-	17	12	-	12
By-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,086	-	1,086	884	396	840
By-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,353	-	1,353	1,046	498	997
Financial Measures							
Gold revenue	*m $*	18.1	-	18.1	23.5	2.3	25.8
Silver revenue	*m $*	0.6	-	0.6	1.5	-	1.5
Total revenue	*m $*	18.7	-	18.7	25.0	2.3	27.3
Mine operating income	*m $*	(0.4)	-	(0.4)	1.0	1.0	2.0
Exploration, evaluation & pre-development expense	*m $*	0.6	-	0.6	0.6	0.4	1.1
Capital							
Total capital expenditures	*m $*	3.9	8.3	12.1	5.5	2.8	8.3
Capital expenditures - sustaining (i,ii)	*m $*	1.9	-	1.9	1.9	-	1.9
Capital expenditures - expansionary (i,ii)	*m $*	1.9	8.3	10.2	3.6	2.8	6.4

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

(ii) Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

(iii) May not add due to rounding.

(in millions of U.S. dollars, unless otherwise stated) (iv)		Nine months ended September 30, 2019			Nine months ended September 30, 2018		
		Mercedes	South Arturo	Total	Mercedes	South Arturo	Total
Ore & Metals							
Ore milled	tonnes	505,809	23,282	529,091	482,364	190,249	672,613
Gold produced	ounces	47,627	2,920	50,547	46,254	20,403	66,657
Silver produced	ounces	146,496	832	147,328	190,126	10,958	201,084
Gold sold	ounces	47,147	918	48,065	51,387	19,996	71,383
Silver sold	ounces	154,651	-	154,651	209,684	-	209,684
Average gold grade	grams/t	3.05	4.73		3.11	3.96	
Average silver grade	grams/t	25.80	-		31.75	-	
Average gold recovery rate	%	96.0	82.4		95.9	84.2	
Average silver recovery rate	%	34.9	-		38.6	-	
Realized Price							
Average realized gold price (i,ii)	$/ounce	1,306	1,271	1,306	1,253	1,306	1,268
Average realized silver price (i,ii)	$/ounce	16	-	16	16	-	16
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold (i,ii)	$/ounce	973	308	961	983	421	826
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	$/ounce	1,226	768	1,218	1,147	465	956
Co-product cash costs per ounce of silver sold (i,ii)	$/ounce	12	-	12	11	-	11
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	$/ounce	15	-	15	13	-	13
By-product cash costs per ounce of gold sold (i,ii,iii)	$/ounce	960	308	948	962	421	810
By-product all-in sustaining costs per ounce of gold sold (i,ii,iii)	$/ounce	1,223	768	1,214	1,134	465	946
Financial Measures							
Gold revenue	m $	61.3	1.2	62.4	64.1	26.1	90.2
Silver revenue	m $	2.4	-	2.4	3.8	-	3.8
Total revenue	m $	63.7	1.2	64.9	67.9	26.1	94.0
Mine operating income	m $	1.9	0.7	2.6	(1.3)	11.7	10.5
Exploration, evaluation & pre-development	m $	1.3	0.1	1.4	1.3	1.1	2.4
Capital							
Total capital expenditures	m $	14.4	18.8	33.3	14.3	4.8	19.1
Capital expenditures - sustaining (i,ii)	m $	8.6	-	8.6	5.4	-	5.4
Capital expenditures - expansionary (i,ii)	m $	5.9	18.8	24.7	8.8	4.8	13.6

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

(ii) Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

(iii) May not add due to rounding.

The main driver in the variances from the comparison of the three and nine months ended September 30, 2019 and 2018 is the reduction in gold production as a result of the South Arturo mine transition from the completed Phase 2 open pit operation to the development of El Niño underground mine and the Phase 1 open pit mine. Mercedes production is comparable year over year with offsetting impacts of average gold grade and the average realized gold price of both comparison periods.

A detailed review of the Company's operating mines can be found in the "Mine Operating Segments" section of this MD&A.

[1] See "Non-IFRS Measures" section of this Management's Discussion and Analysis.

Exploration, Evaluation and Pre-development

The Company has nine properties in various stages of the exploration, evaluation and pre-development phase as detailed below:

(in thousands of U.S. dollars) (i)	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Rahill-Bonanza, Ontario, Canada	2	2	4	29
Hasaga, Ontario, Canada	24	356	68	2,710
Greenstone Gold, Ontario, Canada	4,215	2,081	10,881	6,678
McCoy-Cove, Nevada, USA	659	1,261	3,816	3,940
South Arturo, Nevada, USA	(3)	432	102	1,122
Goldbanks, Nevada, USA	64	267	392	1,507
Mercedes Mine, Sonora, Mexico	615	610	1,319	1,273
Rye, Nevada, USA	808	21	948	37
Rodeo Creek, Nevada, USA	31	-	48	-
Other	71	102	445	452
Total	**6,486**	**5,131**	**18,022**	**17,747**

(i) May not add due to rounding

Hasaga

There was no drilling completed at Hasaga during the first quarter as the drilling program was finalized in the third quarter of the previous year with those results being analyzed to prepare plans for further exploration.

Greenstone

Expenditures totalled $9.7 million in the third quarter (contributed by Centerra on a 100% basis) on a range of project activities including the resource update, detailed engineering, permitting and First Nation consultation.

McCoy-Cove

Dewatering simulations, including a pump test of the proposed underground advanced exploration areas around the Helen Zone were completed during 2017. A Preliminary Economic Assessment ("PEA") was completed in the first half of 2018, including designs for underground exploration development and drilling, preliminary engineering, dewatering, environmental baseline studies, and a life of mine plan. In 2018 efforts were focused on permitting and pre-development, including engineering design changes for the portal and power line locations and the waste rock dump. Underground exploration ramping for drill station development, originally planned to begin in the third quarter of 2019, has been delayed until hydrology testing and modeling are completed. Drilling and installations of piezometers required for additional hydrological modeling were started in the fourth quarter of 2018 and completed during the first quarter of 2019. During the first quarter of 2019, drilling the first of two new wells required for the groundwater model was completed and drilling of the second well was completed in the second quarter. Completion of both wells, pump tests, interpretation of results, and groundwater modeling will be completed during the second half of the year and used as input to a feasibility study for the project. In the third quarter the analysis and modeling continued, however the cost declined compared to the first half of the year as the work in the field has concluded.

On the ground surrounding the Cove Project, Barrick continues to explore and earn-in to the McCoy-Cove joint venture. Several regional targets were identified with 1,977 meters of drilling completed. Ongoing drilling is focused on testing for mineralization in the Favret and Dixie Valley rock formations that host the deposits on the 100% owned carve-out lands. Drilling has intersected mineralization and alteration at several target areas including Lighthouse, Alpha, and Windy Point.

Goldbanks

There was no drilling completed during the third quarter, as the results of last year drilling phase have been compiled and the project is under assessment.

South Arturo

During the third quarter the main focus was on finalizing the development with ore processed toward the end of the quarter. A step-out drilling has commenced, expecting results from the 4905 West underground drilling in the following quarter. Additionally, drilling has commenced in East Dee target.

Mercedes

Exploration drilling continued according to budget with 12,694 meters completed for the three months ended September 30, 2019. With a peak of nine drill rigs active during the quarter. The drill program continued to target the Marianas, Lupita West and Barrancas veins with encouraging results for replacing reserves. Surface drilling on the Diluvio North focused on identifying new veining with the goal of establishing new resources.

Expensed exploration is related to the concession fees of $0.6 million for the 46 lots covering 70,865 hectares. Capital exploration expenditures for the three months ended September 30, 2019 of $1.41 million include drilling, geology and other related costs.

The 2019 exploration program is following a similar pattern as the 2018 program with preliminary testing of several targets early in the year and converting resources to reserves later in the year. The focus remains on adding near mine resources and reserves, supporting mine production, extensions of the main mine trend and testing new geological targets.

The following table represents the cumulative exploration, evaluation and pre-development expenses to date by project.

as restated [1] *(in thousands of U.S. dollars) 2*	Status	Cumulative to December 31, 2016	Year ended December 31, 2017	Cumulative to December 31, 2017 [1]	Year ended December 31, 2018	Cumulative to December 31, 2018	Period ending September 30, 2019	Cumulative life of project to date
Rahill-Bonanza, Ontario, Canada	Active	16,375	73	16,448	29	16,477	4	16,481
East Bay, Ontario, Canada	Swap (i)	1,625	-	1,625	-	1,625	-	1,625
PQ North, Ontario, Canada	Swap (i)	9,884	-	9,884	-	9,884	-	9,884
Hasaga, Ontario, Canada	Swap (i)	12,237	3,579	15,815	2,905	18,720	68	18,788
Brookbank, Ontario, Canada	50% sold (ii)	1,489	-	1,489	-	1,489	-	1,489
Hardrock, Ontario, Canada	50% sold (ii)	96,672	-	96,672	-	96,672	-	96,672
Greenstone Gold, Ontario, Canada	Active (ii)	23,508	4,507	28,015	8,786	36,801	10,881	47,683
McCoy-Cove, Nevada, USA	Active	32,302	11,359	43,660	5,161	48,821	3,816	52,637
South Arturo, Nevada, USA	Active	1,107	831	1,938	1,294	3,233	102	3,334
Goldbanks, Nevada, USA	Active	1,518	3,207	4,725	2,037	6,763	392	7,155
Mercedes Mine, Sonora, Mexico	Active	-	1,121	1,121	1,331	2,451	1,319	3,770
Cristina, Mexico	Inactive (iii)	476	1,156	1,632	-	1,632	-	1,632
Rye, Nevada, USA	Active	-	-	-	60	60	948	1,007
Rodeo Creek, Nevada, USA	Active	-	-	-	4	4	48	52
Other	(iv)	4,046	417	4,464	627	5,091	445	5,535
		201,239	**26,251**	**227,489**	**22,233**	**249,722**	**18,022**	**267,745**

1 Restated for the presentation currency change as discussed in the "Critical Accounting Judgements and Estimates, Policies and Changes" section of this Management's Discussion and Analysis.

2 May not add due to rounding

(i) East Bay (35% co-ownership) and PQ North (100% owned) properties were exchanged during 2015 for the Hasaga property (100%) as discussed in the December 31, 2015 audited consolidated financial statements.

(ii) Brookbank and Hardrock properties (100% owned) were transferred into the 50% owned Greenstone Gold partnership during 2015, Centerra continues to sole-fund the Greenstone Gold partnership until their development commitment is complete.

(iii) Cristina property located in Mexico was under an exploration agreement that was not renewed in 2017.

(iv) Other includes inactive mineral interests and current charges for regional technical services costs not charged to a property, the inactive properties include:

- Faymar property located in Deloro Township in the Timmins Gold Camp. This property was sold in 2018.
- Nortoba-Tyson property located in Dorothea Township in the Thunder Bay Mining District.
- Northern Empire West Extension and Northern Empire property located in McComber and Summers Township in the Thunder Bay Mining District.
- Leitch-Sand River property located near Beardmore, Ontario.
- Santa Teresa mineral concession and Quasaro property located in Mexico (claims sold under a purchase agreement in 2019).
- Raingold property comprised of 6 patented mining claims. This property was sold in 2018.
- Bartec property located in Barraute Township, in the Val D'or district of Quebec in 2015 (claim not renewed).

Selected Financial Data

The following table provides selected annual financial information and should be read in conjunction with the Company's audited consolidated financial statements for the periods below:

(in thousands of U.S. dollars, unless otherwise stated)			For the years ended December 31	
		2018	2017 as restated [i]	2016 as restated [i]
Revenue				
Gold ounces sold	*ounces*	87,036	155,727	90,263
Revenue	*000 $*	109,628	194,638	112,485
Realized price	*$/ounce*	1,264	1,254	1,246
Silver ounces sold	*ounces*	299,819	338,831	65,380
Revenue	*000 $*	4,239	5,669	1,125
Realized price	*$/ounce*	16	17	17
Total revenue		113,867	200,308	113,610
Cost of goods sold				
Mining cost	*000 $*	71,763	85,567	29,519
Depletion, depreciation and amortization	*000 $*	25,568	50,730	51,075
Total cost of sales		97,331	136,297	80,595
Other operating expenses				
Exploration, evaluation and pre-development	*000 $*	22,233	26,251	26,206
General and administration	*000 $*	9,528	7,893	8,720
Other income / expense				
Gain / (loss) on investments	*000 $*	(110)	(337)	1,624
Gain / (loss) on derivatives	*000 $*	637	(1,127)	(842)
Gain on ongoing development commitment	*000 $*	9,891	5,294	11,742
Transaction costs on acquisition of mine	*000 $*	-	-	(3,910)
Finance costs	*000 $*	3,744	8,884	(2,362)

[i] Restated for the presentation currency change as discussed in the "Critical Accounting Judgements and Estimates, Policies and Changes" section of this Management's Discussion and Analysis.

The Company prepares its consolidated annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The onset of production from South Arturo and Mercedes in the last half of 2016 had a significant impact on operations and the Company’s 2016 cash position. Production from both sites for most of 2017 accounts for the significant increase in revenue. The variance in other income / (expense) from 2016 to 2017 is largely related to the consolidation and divestment of mineral property interests which notably includes the gain on Premier’s divestment of a 50% interest in the Hardrock and Brookbank properties to the Greenstone Gold Mines partnership.

Throughout 2018, South Arturo transitioned from the completed Phase 2 open pit to the El Nino underground extension and the Phase 1 pit. South Arturo processing during this period pertained to the stockpiles from the Phase 2 open pit. Accordingly, this had a significant impact on the 2018 cash position. During 2018, Mercedes production had been impacted by the requirement to redesign stopes in new mining zones following changes in geologic interpretations. These changes resulted in lower mined grades during this transition period. Production improved in the second half of 2018 following the completion of stope designs in the new Diluvio, Lupita, and Rey de Oro deposits.

Lower overall 2018 exploration, evaluation and predevelopment spending was partially due to the McCoy-Cove project, as 2018 focused on completing the Preliminary Economic Assessment (“PEA”) and hydrology assessment work. As a result, there was also less drilling on the property in 2018 when compared to 2017. In 2018, Greenstone Gold focused on higher spending in exploration, evaluation and predevelopment which related to external engineering, infrastructure and support permit applications, while no exploration, evaluation and predevelopment was undertaken for the Cristina project, in Mexico during 2018.

FINANCIAL POSITION

Balance Sheet Review

The following review compares September 30, 2019 results to December 31, 2018.

Assets

The decrease in cash and cash equivalents of $10.8 million was primarily the result of the hiatus in South Arturo production and the continuous investment in capital expenditures of property, plant and equipment and development for the South Arturo and Mercedes mines and the McCoy-Cove property.

Receivables had a net decrease of $6.5 million mainly due to collection of value added tax recoverable in Mexico of $5.1 million through working with the Mexican Tax Authority ("SAT"), the receipt of an Alternative Minimum Tax ("AMT") overpayment of $3.9 million offset by a reclassification of a $1.4 million AMT refund from long-term to current based on tax filings.

Total inventory increased by $6.0 million mainly for metal inventory of $3.4 million and ore stockpiles from South Arturo of $1.7 million.

Property, plant and equipment increased by $24.4 million during the period with a primary focus on capital investment in sustaining and expansionary capital for Mercedes and South Arturo mines and infrastructure at McCoy-Cove totalling $38.3 million offset by depletion, depreciation and amortization of $15.4 million and the remainder in capitalized environmental rehabilitation adjustments and foreign currency adjustments.

Liabilities

Accounts payable increased by $8.9 million mainly due to development activities at Greenstone, South Arturo and McCoy properties and the ongoing cycle they have with contractors and suppliers. The current portion of deferred revenue decreased by $4.6 million due to the contract modification of the silver stream which reclassified the liability to debt from deferred revenue and correspondingly increased the current portion of long-term debt by $8.9 million.

The long-term deferred revenue decreased $11.4 million due to the quarterly settlements of the gold prepay and the reclassification of the long-term portion of the silver stream. Long term debt increased by $18.6 million for the fair value of the financial liability associated with the amended silver stream contract which included a $10.0 million cash payment and the balance of existing silver stream. Lease liabilities of $0.5 million from the January 1, 2019 IFRS 16, *Leases* implementation were also recognized during the period.

Working Capital

Working capital ratio of 1.56:1 decreased from 2.62:1 on December 31, 2018 mainly to the decrease of cash and cash equivalents explained above.

Non-current assets increased by $24.9 million including:

- $0.7 million increase in restricted cash and cash equivalents;
- $24.4 million increase in property plant and equipment as discussed above; and
- $0.3 million decrease in other long-term assets.

Liquidity and Capital Resources

For the period ended September 30, 2019, the Company had cash and cash equivalents of $33.1 million, a decrease of $10.8 million from December 31, 2018.

Operating activities generated cash of $0.5 million year to date and includes the following key items:

- $17 million from mining operations after adding back non-cash depletion included in inventory;
- $18 million spent in exploration and pre-development activities (offset by the Greenstone Gold development commitment gain of $11.8 million included in other income);
- $10.4 million deducted for non-cash revenue on metal agreements included in operating revenue;
- $7.1 million spent in general and project administration expenditures; and
- $8.2 million increase in working capital due to:
    - Increase in cash from a decrease in accounts receivable of $6.5 million, a decrease in prepaids of $0.5 million, and an increase in accounts payable and accrued liabilities of $9.2 million;
    - Use of cash from a an inventory increase of $7.7 million and a decrease of $0.8 million taxes payable.

Investment activities were almost solely related to capital investment of $38.4 million focused on mining and development operations and also include net proceeds from the sale of royalties during the quarter of $6.0 million.

Financing activities include the credit facility and financing agreement discussed in Note 4 to the condensed consolidated interim financial statements for September 30, 2019 with cash generated from the $10 million silver stream contract modification, $8.3 million from the share subscription proceeds and a cash draw of $7.5 million on the Investec credit facility.

Liquidity Outlook

(in thousands of U.S. dollars)	For the period ended September 30, 2019	For the period ended December 31, 2018
Cash and cash equivalents	33,063	43,882
Working capital	27,063	53,560
Long term debt and deferred revenue	36,064	24,363

Premier funds current exploration, evaluation and pre-development expenditures through existing cash, financing agreements and equity financing. Development and capital expenditures on the South Arturo and Mercedes mines are to be financed through the revolving Investec credit facility entered into during the first quarter of 2019. The Company anticipates that it will have sufficient funds to manage current projects through 2019. The Company also actively manages the ongoing pre-development activities at the Greenstone Gold property through its partnership agreement with Centerra (who is expected to continue to sole-fund the project into 2020).

Equity

The Company is authorized to issue an unlimited number of common shares of which 210,460,482 were outstanding at September 30, 2019 and at the date of this report, November 12, 2019. The Company has 3.5 million warrants issued and outstanding as of September 30, 2019 and November 12, 2019. Also at September 30, 2019 and November 12, 2019, the Company had outstanding options to purchase an aggregate of 11,939,000 and 11,919,000 common shares respectively under its share incentive plan with exercise prices ranging from CAD$1.57 to CAD$4.28 per share and expiry dates ranging from March 9, 2020 to September 16, 2024. As of September 30, 2019, there were no unvested stock options (195,000 at December 31, 2018).

As of September 30, 2019, 910,334 restricted share units (“RSU”s) are outstanding under the restricted share unit plan of the Company. Each RSU has the same value as one Premier Gold Mines Limited common share. The RSUs vest equally over a three-year period vesting on August 31 of each year. The RSUs are expected to settle in cash. During the nine months ended September 30, 2019, there were 21,167 RSUs forfeited and no settlements. During the same period a total of 155,000 deferred share units (“DSU”s) were issued under the Deferred Share Unit plan.

MINE OPERATING SEGMENTS

Mercedes Mine

Mercedes mine is located 60 kilometres southeast of the town of Magdalena de Kino and 150 kilometres north-northeast of the city of Hermosillo in the state of Sonora, Mexico. Operations are exploiting low sulfidation quartz veins and quartz veinlet stockwork for gold and silver using underground modified overhand cut and fill, narrow vein longitudinal long-hole mining, and long-hole open stoping methods at an ore extraction rate of approximately 2,000 tonnes per day. Processing is by wet milling with a Merrill-Crowe recovery system.

		Three months ended September 30		Nine months ended September 30	
(in millions of U.S. dollars, unless otherwise stated) [iii]		2019	2018	2019	2018
Ore & Metals					
Ore milled	*tonnes*	159,450	159,608	505,809	482,364
Gold produced	*ounces*	14,481	17,465	47,627	46,254
Silver produced	*ounces*	37,462	88,390	146,496	190,126
Gold sold	*ounces*	13,187	19,534	47,147	51,387
Silver sold	*ounces*	35,587	85,376	154,651	209,684
Average gold grade	*grams/t*	2.94	3.52	3.05	3.11
Average silver grade	*grams/t*	22.60	39.40	25.80	31.75
Average gold recovery rate	*%*	95.9	96.6	96.0	95.9
Average silver recovery rate	*%*	32.3	43.7	34.9	38.6
Realized Price					
Average realized gold price [i,ii]	*$/ounce*	1,382	1,210	1,306	1,253
Average realized silver price [i,ii]	*$/ounce*	17	15	16	16
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,095	904	973	983
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,354	1,059	1,226	1,147
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	14	10	12	11
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	17	12	15	13
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,086	884	960	962
By-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,353	1,046	1,223	1,134
Financial Measures					
Gold revenue	*m $*	18.1	23.5	61.3	64.1
Silver revenue	*m $*	0.6	1.5	2.4	3.8
Total revenue	*m $*	18.7	25.0	63.7	67.9
Mine operating income / (loss)	*m $*	(0.4)	1.0	1.9	(1.3)
Exploration, evaluation & pre-development expense	*m $*	0.6	0.6	1.3	1.3
Capital					
Total capital expenditures	*m $*	3.9	5.5	14.4	14.3
Capital expenditures - sustaining [i,ii]	*m $*	1.9	1.9	8.6	5.4
Capital expenditures - expansionary [i,ii]	*m $*	1.9	3.6	5.9	8.8

[i] A cautionary note regarding Non-IFRS financial metrics is included in the "Non-IFRS Measures" section of this Management's Discussion and Analysis.

[ii] Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

(iii) May not add due to rounding.

Production

Mercedes gold production for Q3 2019 was 14,481 ounces compared to 17,465 ounces in Q3 2018. The decrease in gold production was primarily attributable to lower average grades, declining from 3.52 to 2.94 g/t. Tonnage produced and mill recoveries were comparable. The challenge has primarily been that some mining zones have yielded lower grades than predicted. Management is working on an aggressive extensional and definition drilling program to improve stope grade confidence in the short-term planning. Some operational issues also impacted mine performance, causing the need to sequence mine areas. Improvement plans are ongoing to bring greater flexibility to the operations.

Mercedes gold production for the nine months ended September 30, 2019 was 47,627 ounces compared to 46,254 ounces in the prior-year period of 2018. The increase in gold production was primarily attributable to slightly higher tonnage produced offset by lower average grades, declining from 3.11 to 3.05 g/t on a year to date basis. Mill recoveries were comparable.

Sales and Revenue

Gold revenue of $18.1 million for Q3 2019 was lower when compared to $23.5 million in Q3 2018. This was due to the lower ounce production described above. The impact of the lower production on revenue was somewhat offset by a higher average realized gold price of $1,382 per ounce in the period, compared to $1,210 in 2018. Silver revenue of $0.6 million for Q3 2019 was lower as compared to the prior-year period by $0.9 million primarily as a result of lower silver grades and consequently lower production.

Gold revenue for the nine months ended September 30, 2019 was $61.3 million, $2.8 million lower than the prior-year period of $64.1 million. Gold sales volume attributed to a negative variance of $5.3 million offset by a positive price variance of $2.5 million.

Cash Costs[1]

Co-product cash costs per ounce of gold sold were $1,095 for the three months ended September 30, 2019 compared to $904 in the prior-year period due mostly to the lower gold output. The cash cost has remained relatively similar year over year as the tonnage mined and ounces produced has remained constant, despite most of the production in 2019 coming from areas that are further away from the processing plant. Silver co-product cash cost follows the same pattern as gold and is driven by the same factors noted.

All-in Sustaining Costs[1]

All-in sustaining cost per ounce of gold sold was $1,354 for the three months ended September 30, 2019 compared to $1,059 in the prior-year period. The increase is due to lower sales ounces over the same sustaining capital expenditure of about $1.9 million in each period. On a year to date comparison, the higher AISC of $1,226 compared to $1,147 per ounce of gold sold is based on the lower sales ounces as discussed above over higher year to date sustaining costs of $8.6 million in 2019 compared to $5.4 million in 2018.

Exploration Activities

12,694 meters of exploration drilling was completed for the three months ended September 30, 2019 and 31,634 meters year to date. At the peak, nine drill rigs were active at site. The drill program continued to target Marianas, Lupita West and Barrancas veins with encouraging results for replacing reserves. Surface drilling on the Diluvio North focused on identifying new veining with the goal of establishing new resources.

Capital exploration expenditures for the three months ended September 30, 2019 of $1.4 million and $4.1 million for year to date include drilling, geology and other related costs.

The 2019 exploration program is following a similar pattern as the 2018 program with preliminary testing of several targets early in the year and converting resources to reserves later in the year. The focus remains on adding near mine resources and reserves, supporting mine production, extensions of the main mine trend and testing new geological targets.

Capital Expenditures

Capital expenditures were primarily required for underground mine infrastructure and development. For the three months ended September 30, 2019, total capital expenditures at Mercedes were $3.9 million which includes $1.9 million of sustaining capital, $1.4 million of exploration capital and $0.6 million of expansionary capital. Capital spending in the prior-year period was $5.5 million. Year to date capital spending for 2019 has been $14.4 million compared to $14.3 million in 2018. This relates to additional mine development and acquisition of mining equipment.

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[1] See "Non-IFRS Measures" section of this Management's Discussion and Analysis.

Mercedes operational and financial information for the current and previous quarters is as follows:

								Years 2019 and 2018
(in millions of U.S. dollars, unless otherwise stated) (iii)		Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Ore & Metals								
Ore milled	*tonnes*	159,450	167,588	178,771	183,158	159,608	154,442	168,314
Gold produced	*ounces*	14,481	15,532	17,614	22,465	17,465	13,780	15,009
Silver produced	*ounces*	37,462	51,353	57,681	119,039	88,390	44,366	57,370
Gold sold	*ounces*	13,187	16,440	17,520	14,373	19,534	14,673	17,180
Silver sold	*ounces*	35,587	56,483	62,581	90,135	85,376	58,098	66,210
Average gold grade	*grams/t*	2.94	3.00	3.18	3.96	3.52	2.90	2.91
Average silver grade	*grams/t*	22.60	27.24	27.31	44.78	39.40	23.82	31.78
Average gold recovery rate	*%*	95.9	95.9	96.2	96.3	96.6	95.8	95.2
Average silver recovery rate	*%*	32.3	35.0	36.8	45.2	43.7	37.5	33.4
Realized Price								
Average realized gold price (i,ii)	*$/ounce*	1,382	1,283	1,271	1,247	1,210	1,269	1,287
Average realized silver price (i,ii)	*$/ounce*	17	15	16	15	15	16	17
Non-IFRS Performance Measures								
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,095	1,053	806	639	904	1,161	921
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,354	1,254	1,105	808	1,059	1,325	1,096
Co-product cash costs per ounce of silver sold (i,ii)	*$/ounce*	14	12	10	10	10	12	11
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	*$/ounce*	17	15	13	13	12	13	13
By-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,086	1,044	786	609	884	1,142	897
By-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,353	1,252	1,098	795	1,046	1,312	1,081
Financial Measures								
Gold revenue	*m $*	18.1	21.0	22.2	17.8	23.5	18.5	22.0
Silver revenue	*m $*	0.6	0.8	1.0	0.5	1.5	1.1	1.2
Total revenue	*m $*	18.7	21.8	23.1	18.2	25.0	19.6	23.2
Mine operating income / (loss)	*m $*	(0.4)	(1.3)	3.7	5.3	1.0	(4.7)	2.4
Exploration, evaluation & pre-development expense	*m $*	0.6	0.1	0.6	0.0	0.6	0.0	0.6
Capital								
Total capital expenditures	*m $*	3.9	4.5	6.1	3.1	5.5	4.4	4.4
Capital expenditures - sustaining (i,ii)	*m $*	1.9	2.4	4.2	1.6	1.9	1.8	1.8
Capital expenditures - expansionary (i,ii)	*m $*	1.9	2.0	1.9	1.6	3.6	2.6	2.6

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

(ii) Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.

(iii) May not add due to rounding.

South Arturo Mine

The mine is 45 kilometres northwest of the town of Carlin, Nevada, USA. Operations have exploited a Carlin-style disseminated gold deposit by open pit mining. A new open pit mine (Phase 1) is being developed adjacent to the prior one (Phase 2). An underground mine called El Niño is being developed out of the completed Phase 2 open pit. Premier holds a 40% interest in South Arturo while Barrick holds the remaining 60% and is the operator for the joint venture.

		Three months ended September 30		Nine months ended September 30	
(in millions of U.S. dollars, unless otherwise stated) (iv)		2019	2018	2019	2018
Ore & Metals					
Ore milled	*tonnes*	14,835	21,334	23,282	190,249
Gold produced	*ounces*	2,003	2,635	2,920	20,403
Gold sold	*ounces*	-	1,932	918	19,996
Silver produced	*ounces*	394	1,122	832	10,958
Average gold grade	*grams/t*	5.09	4.48	4.73	3.96
Average gold recovery rate	*%*	82.4	85.7	82.4	84.2
Realized Price					
Average realized gold price (i,ii)	*$/ounce*	-	1,200	1,271	1,306
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	-	396	308	421
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	-	498	768	465
By-product cash costs per ounce of gold sold (i,ii,iii)	*$/ounce*	-	396	308	421
By-product all-in sustaining costs per ounce of gold sold (i,ii,iii)	*$/ounce*	-	498	768	465
Financial Measures					
Gold revenue	*m $*	-	2.3	1.2	26.1
Mine operating income	*m $*	-	1.0	0.7	11.7
Exploration, evaluation & pre-development expense	*m $*	-	0.4	0.1	1.1
Capital					
Total capital expenditures	*m $*	8.3	2.8	18.8	4.8
Capital expenditures - sustaining (i,ii)	*m $*	-	-	-	-
Capital expenditures - expansionary (i,ii)	*m $*	8.3	2.8	18.8	4.8

(i) A cautionary note regarding Non-IFRS metrics is included in the "Non IFRS Measures" section of this Management's Discussion and Analysis.
(ii) Cash costs, all-in sustaining costs, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.
(iii) Given the small nature and timing of South Arturo silver output, no silver by-product credits are reported.
(iv) May not add due to rounding.

Production

The combined South Arturo production for Q3 2019 was 2,003 oz compared to 2,635 oz for the same period in 2018. The 2019 year to date production was 2,918 oz compared to 20,403 oz in 2018. The lower production both in the quarter and the year to date is due to the anticipated completion of the Phase 2 pit and the start up of the Phase 1 pit and the development of the El Nino underground mine. The break down of the gold production from South Arturo is as follows:

The El Nino underground mine produced 1,130 oz, classified as commercial production. The underground mine declared commercial production in September 2019. The project was completed one quarter ahead of schedule.

The remainder of the production, 873 oz, came as a result of processing low grade stockpile ore remaining from Phase 2.

There were also 953 oz of pre production from South Arturo, 562 ounces of pre-commercial production gold recovered from El Nino and 391 ounces from the Phase 1 open pit. These ounces are not reflected in the total production of 2,003 ounces noted above.

Sales and Revenue

There were no gold ounces sold for the three months ended September 30, 2019. The ounces will be sold during the fourth quarter of 2019.

Cash Costs

There were no gold ounces sold for the three months ended September 30, 2019. The ounces will be sold during the fourth quarter of 2019.

All-in Sustaining Costs[1]

There were no gold ounces sold for the three months ended September 30, 2019. The ounces will be sold during the fourth quarter of 2019.

Exploration Activities

Exploration drilling continues at El Nino to increase reserves and resources. Drilling also continued at East Dee, a high-grade mineralized zone located immediately to the east of the Phase 1 open pit. Recent highlight drill intercepts from El Nino include 24.4 m of 20.60 g/t Au and 50.3 m of 6.36 g/t Au and from Phase 3 open pit drilling include 112.8 m of 7.29 g/t Au and 62.5 m of 7.93 g/t Au.

Capital Expenditures

Capital expenditures of $8.3 million for the three months ended September 30, 2019 and $18.8 million 2019 year to date. This was primarily for stripping of the Phase 1 open pit and underground development at El Nino. This compares to $2.8 million for Q3 2018 and $4.8 million for first nine months of 2018, related to stripping activities for Phase 1.

[1] See “Non-IFRS Measures” section of this Management’s Discussion and Analysis.

South Arturo operational and financial information for the current and previous quarters is as follows:

		Years 2019 and 2018						
(in millions of U.S. dollars, unless otherwise stated) (iv)		Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Ore & Metals								
Ore milled	*tonnes*	14,835	8,447	-	5,286	21,334	23,379	145,536
Gold produced	*ounces*	2,003	917	-	577	2,635	2,227	15,541
Gold sold	*ounces*	-	918	-	1,280	1,932	5,969	12,095
Silver produced	*ounces*	394	438	-	1,691	1,122	7,380	2,456
Average gold grade	*grams/t*	5.09	4.10	-	4.14	4.48	3.58	3.95
Average gold recovery rate	*%*	82.4	82.5	-	82.2	85.7	82.8	84.1
Realized Price								
Average realized gold price (i,ii)	*$/ounce*	-	1,271	-	1,279	1,200	1,318	1,317
Non-IFRS Performance Measures								
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	-	308	-	385	396	475	398
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	-	768	-	678	498	506	439
By-product cash costs per ounce of gold sold (i,ii,iii)	*$/ounce*	-	308	-	385	396	475	398
By-product all-in sustaining costs per ounce of gold sold (i,ii,iii)	*$/ounce*	-	768	-	678	498	506	439
Financial Measures								
Gold revenue	*m $*	-	1.2	-	1.6	2.3	7.9	15.9
Mine operating income	*m $*	-	0.7	-	0.8	1.0	3.5	7.2
Exploration, evaluation & pre-development expense	*m $*	-	0.1	-	0.2	0.4	0.6	0.1
Capital								
Total capital expenditures	*m $*	8.3	5.9	4.6	3.6	2.8	1.6	0.5
Capital expenditures - sustaining (i,ii)	*m $*	-	-	-	-	-	-	-
Capital expenditures - expansionary (i,ii)	*m $*	8.3	5.9	4.6	3.6	2.8	1.6	0.5

(i) A cautionary note regarding Non-IFRS metrics is included in the "Non-IFRS Measures" section of this Management's Discussion and Analysis.
(ii) Cash costs, all-in sustaining costs, free cash flow, EBITDA, sustaining and expansionary capital expenditures as well as average realized gold\silver price per ounce are Non-IFRS metrics and discussed in the section "Non-IFRS Measures" of this Management's Discussion and Analysis.
(iii) Given the small nature and timing of South Arturo silver output, no silver by-product credits are reported, with any revenues offsetting costs.
(iv) May not add due to rounding.

[1] See "Non-IFRS Measures" section of this Management's Discussion and Analysis.

COMMITMENTS AND CONTINGENCIES

Environmental Rehabilitation Provision

The Corporation currently has five active environmental rehabilitation obligations related to past and current mining activities. As per the table below, the provisions for each project are updated regularly for a change to the risk-free discount rate, accretion and currency adjustments if applicable. Changes in estimates on the projects are applied where an engineering assessment on the project has been carried out.

As at *(in thousands of U.S. dollars)* [i]	Nine months ended September 30, 2019	Year ended December 31, 2018
Northern Empire Mill, Ontario	1,530	1,380
Hasaga, Ontario, Canada	209	167
McCoy-Cove, Nevada, USA	4,068	3,500
South Arturo, Nevada, USA	4,356	3,973
Mercedes, Sonora, Mexico	11,056	12,375
	21,219	**21,395**

[i] May not add due to rounding.

<u>Northern Empire Mill, Ontario</u>

There were no reclamation expenditures year to date with changes in the provision due to an updated risk-free discount rate, accretion and currency adjustments. There is no rehabilitation program scheduled for 2019 and the primary focus will be on security for the year.

<u>Hasaga, Ontario</u>

There were no reclamation expenditures year to date with changes in the provision due to an updated risk-free discount rate, accretion and currency adjustments. No expenditures related to progressive rehabilitation or closure are anticipated for the immediate future, as the property is currently being assessed for potential development.

<u>McCoy-Cove, Nevada</u>

There were reclamation expenditures year to date of $0.26 million, mainly for underground water control and analysis and some monitoring. Changes in the provision due to accretion and an updated risk-free discount rate. The McCoy-Cove reclamation obligation is part related to the McCoy portion of the property purchased from Newmont Mining Corporation in 2014. The property had a remaining obligation from previous mining activities, most of which was completed prior to acquiring the property. There are ongoing reclamation activities related to the tailings dam and the cleanup of the old pads. Structural reclamation is on hold for several years pending a new mine plan for the property. The other portion is related to the Cove-Helen underground project and will not commence reclamation for several years and its provision was only impacted by an updated risk-free discount rate and accretion.

<u>South Arturo, Nevada</u>

The South Arturo reclamation obligation is managed by Barrick and is based on a 20 year reclamation plan with minimal expenditures until 2021. Main reclamation activities will begin in 2025. The change in provision is mainly due to updated risk-free discount rates and accretion.

<u>Mercedes, Mexico</u>

The Company performed its annual review with an external consultant (Golder) and decreased its liability by $0.72 million due to optimization of the rehabilitation plan by using synergies in the rehabilitation of the new tailings dam and the older. There were no reclamation expenditures year to date with changes in the provision due mainly to accretion and updated risk-free discount rates. Based on the current life of mine projection no expenditures are anticipated in the immediate future as the mine will continue in operation.

Legal Claim

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 post-closing 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. Pleadings have closed and examinations for discoveries are expected to proceed in early 2020. Based on facts currently known to us, we believe that Premier has a strong defence and that there is significant merit to the counterclaim. As of the date of release of this report no changes have occurred in this claim.

Other

On November 2, 2018, the Company was advised that RMC filed for chapter 11 bankruptcy protection in the Southern District of New York's Federal Bankruptcy Court. RMC had processed gold and silver doré ("material") produced from the Company's Mercedes mine located in Sonora, State of Mexico under a toll arrangement. RMC had approximately 8,000 gold equivalent ounces of the Company's material when the bankruptcy filing took place, over which RMC claimed was property of the estate. As the material was liquidated under a Chapter 11 ruling, the Company took a write-down of the inventory in 2018 and is working with its counsel to assert its legal right to the value associated with the inventory. The parties are currently in the process of litigating this dispute with RMC over the ownership of the material, which they anticipate concluding in the first half of 2020. Premier believes it has a strong claim to the ownership of the material.

Contractual Obligations and Commitments

The following is a summary of the commitments of the Company:

							As at September 30, 2019
(in thousands of U.S. dollars)	2019	2020	2021	2022	2023	2024 and later	Total
Contracts and lease liabilities	2,691	403	117	18	2	-	3,231
Provisions for environmental rehabilitation [(i)]	210	41	542	4,290	2,227	19,125	26,435
	2,901	**444**	**659**	**4,308**	**2,229**	**19,125**	**29,666**

[(i)] Amounts presented in the table for the provisions for environmental rehabilitation represent the undiscounted uninflated future payments for the expected cost of the rehabilitation. Timing of expected expenditures has been updated based on the most current estimate of the provision.

Gold Forward Contracts

At September 30, 2019, the Company held forward contracts requiring the delivery of 400 ounces of gold per month at a price of $1,247.50 per ounce from April 2019 to December 2019.

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.

Surety Bonds

At September 30, 2019, the Company has outstanding surety bonds in the amount of $9.6 million in favor 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 $0.6 million deposit and are subject to fees competitively determined in the marketplace. 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.

Option Agreements

Rye Vein Exploration and Earn-In Agreement

On December 11, 2017, the Company 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 million 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 back-in 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 Company. On May 15, 2019, the Company signed an extension letter that extends the expenditures deadline to August 1, 2021. As of September 30, 2019, the Company has spent a total of $1.0 million on the project.

Goldbanks Exploration and Earn-In Agreement

On July 26, 2016, the Company and its wholly owned subsidiary Premier Goldbanks LLC signed an agreement with Kinross Gold USA, Inc. ("Kinross"), a wholly owned subsidiary of Kinross Gold Corporation, on the Goldbanks project. The Company is required to spend $20 million in exploration on or before December 31, 2021 on the Goldbanks Project to earn a 50% interest, including a firm commitment of $3.50 million between July 26, 2016 and December 31, 2017. A total of $7.1 million has been spent as of September 30, 2019.

San Felipe Property Acquisition Option

On April 3, 2019, the Company entered into an option acquisition agreement with Americas Silver Corporation ("ASC") to acquire an option to purchase a 100% interest in the San Felipe property, located 55 kilometers from the Company's Mercedes mine in Sonora State, Mexico. Completion of the transaction was subject to customary closing conditions for a transaction of this nature. On July 18, 2019 the agreement was terminated in accordance with its terms.

Off Balance Sheet Arrangements

The Company has not participated in off-balance sheet or income statement arrangements other than the surety bonds discussed above.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel remuneration includes the following amounts:

	Three months ended September 30		Nine months ended September 30	
(in thousands of U.S. dollars)	2019	2018	2019	2018
Salary, wages and benefits	136	589	1,756	1,974
Share-based payments	988	236	2,460	1,661
	1,124	**825**	**4,216**	**3,635**

Directors remuneration includes the following amounts:

	Three months ended September 30		Nine months ended September 30	
(in thousands of U.S. dollars)	2019	2018	2019	2018
Fees earned and other remuneration	84	63	341	190
Share-based payments	-	-	181	399
	84	**63**	**522**	**589**

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES, POLICIES AND CHANGES

Accounting Standards Adopted January 1, 2019

IFRS 16 - *Leases*

In January 2016, the IASB issued IFRS 16 – *Leases* which replaces the existing lease accounting guidance in IAS 17. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exemptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice.

The standard is effective for annual reporting periods beginning January 1, 2019 and the Company has applied IFRS 16 at the date it became effective using the modified retrospective approach, resulting in no restatement of prior year comparatives and the cumulative impact of applying IFRS 16 recognized at January 1, 2019. The Company completed the assessment of its equipment and building rentals, land leases and service agreements and therefore recognized additional right of use assets and lease liabilities as well as a decrease in lease expense and a corresponding increase in both depreciation expense and finance charges.

Upon adoption, the Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short-term leases (lease term of 12 months or less) and low value assets ($5,000 or less). There was close attention paid to all of the Company's development, mining and drilling contracts to ensure that they did not contain embedded leases for property, plant and equipment. None of those contracts resulted in the right of use of an asset. The quantitative impact of adopting IFRS 16 is disclosed in Note 3 and related notes in the unaudited condensed consolidated interim financial statements at June 30, 2019. The impact of the changes is not significant to the Company's results.

IFRIC 23, *Uncertainty over Income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23 – *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Company adopted the Interpretation in its financial statements for the annual period beginning on January 1, 2019 with no material impact or disclosure required.

Significant Accounting Judgements and Estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, disclosure of commitments and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from these estimates.

The significant judgements and estimates used in the preparation of the unaudited condensed consolidated interim financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and earnings within the next financial year include:

Business Combinations

Determination of whether a group of assets acquired and liabilities assumed constitute the acquisition of a business or an asset may require the Company to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 - *Business Combinations*.

Purchase Price Allocation

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition date fair values require management to make assumptions and estimates about future events. The assumptions and estimates relating to determining the fair value of property, plant and equipment acquired generally require a high degree of judgement, and include estimates of mineral reserves acquired, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

Inventory Valuation

Finished goods, work-in-process, heap leach ore and stockpile ore are valued at the lower of costs and net realizable value. The assumptions used in the valuation of work-in process inventories include estimates of gold contained in the ore stacked on leach pads, assumptions of the amount of gold stacked that is expected to be recovered from the leach pads, the amount of gold in the mill circuits and assumption of the gold price expected to be realized when the gold is recovered. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in process inventories and heap leach ore, which would reduce earnings and working capital.

Impairment and Reversal of Impairment for Non-Current Assets

Non-current assets are tested for impairment at the end of each reporting period if in management's judgement there is an indicator of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

In the case of mineral property assets, recoverability is dependent on a number of factors common to the natural resource sector. These include the extent to which the Company can continue to renew its exploration and future development licenses with local or other authorities, establish economically recoverable reserves on its properties, the availability of the Company to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Company will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization.

Recoverable Ounces

The carrying amount for each of the Company's mining properties is depleted based on recoverable ounces contained in proven and probable mineral reserves. Changes to estimates of recoverable ounces and depletable costs including changes resulting from revisions to mine plans and changes in metal price forecasts can result in a change in future depletion rates.

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and mineral resources. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions, and actual events including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Company's financial position and results of operation.

Asset Retirement Obligations

Management assesses the asset retirement obligations on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs required based on the existing laws and regulations in each jurisdiction the Company operates in, the timing of these expenditures, and the impact of changes in the discount rate. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and / or regulatory requirements in the future.

Valuation of Financial Instruments

The fair value of derivative financial liabilities that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are based on market conditions existing at the end of each reporting period as an indication of the expected future market conditions.

On determining that the amendment to the silver stream agreement resulted in a contract modification requiring valuation of the liability, the Company used a discounted cash flow analysis incorporating key assumptions for the production to be delivered under the agreement, expected metal prices and discount rates that are commensurate with the risks associated with the financial liability to reflect the time value of money.

The Company also issued warrants in connection with a private placement and in satisfaction of certain fees which, effective January 1, 2018 the date of the functional currency change of the parent company, are recorded as a financial liability. As such, in determining fair value, management judgement is required in respect to input variables of the financial model used for estimation purposes. These variables include such inputs as the Company's stock price, stock price variability, trading volumes and risk-free rates of return.

Deferred Revenue

The Company entered into a gold prepay and silver stream agreement with Orion in 2016 and entered into amendments to the agreements in 2019 as discussed in Note 4 to the September 30, 2019 unaudited condensed consolidated interim financial statements.

The 2016 upfront payment for the gold prepay facility with Orion was accounted for as deferred revenue as management determined that the agreement is not a derivative as it is satisfied through the delivery of non-financial items (i.e. gold commodity from the Company's production), rather than cash or financial assets. As the amendment to the Gold Prepay agreement was related to security on the assets of the Company, it was not considered a significant change to the contract and continues to be recorded as deferred revenue.

The upfront payment for the original silver stream arrangement in 2016 was also accounted for as deferred revenue, as management had determined that the agreement was not a derivative as it was satisfied through the delivery of non-financial items (i.e. silver commodity from the Company's production), rather than cash or financial assets. However, the silver stream contract was significantly modified on January 31, 2019 at which time it was necessary to reassess the accounting. Management used judgement based on the facts and circumstances of the modification to the contract and determined that it no longer met the own-use exemption allowing deferred revenue treatment. The silver stream was therefore derecognized as deferred revenue and was further evaluated under IFRS 9 and the valuation of financial instruments.

Leases

Critical judgements required in the application of IFRS 16 included, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement; and
- Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments; and
- Assessment of whether a right-of-use asset is impaired.

Commercial Production

The determination of the date on which a mine enters the commercial production stage is a significant judgement since capitalization of certain costs ceases and the recording of revenues and expenses commences upon entering commercial production. As a mine is constructed, certain costs are capitalized and proceeds from sales are offset against the capitalized costs. This continues until the mine is available for use in the manner intended by management, which requires significant judgement.

Functional Currency of Foreign Subsidiaries

Management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. Management also assesses the degree of autonomy the foreign operation has with respect to operating activities.

Deferred Income Taxes

The Company operates in several tax jurisdictions and is required to estimate the income tax provision in each of these jurisdictions in preparing its financial statements. The provision for income taxes which is included in the consolidated statements of income/(loss) and comprehensive income/(loss) and composition of deferred income tax liabilities included in the consolidated statements of financial position is based on factors such as tax rates in the different jurisdictions, changes in tax law and management's assessment of future results and have not yet been confirmed by the taxation authorities. The Company does not recognize deferred tax assets where management does not expect such assets to be realized based on current forecasts.

In the event that actual results differ from these estimates, adjustments are made in future periods and changes in the amount of amount of deferred tax assets recognized may be required. These adjustments could materially impact the financial position and income or loss for the period.

Other Estimates

Other significant estimates which could materially impact the financial statements include:

- Inputs used in accounting for share purchase option expense in the consolidated statements of income / (loss);
- Estimated useful lives of property, plant and equipment and related depreciation which are included in the unaudited consolidated condensed interim financial statements and
- Discount rate used to determine the carrying value of long-term debt and deferred revenue if applicable.

NON-IFRS MEASURES

The Company has included certain terms or performance measures commonly used in the mining industry that are not defined under International Financial Reporting Standards ("IFRS") in this document. These include: co-product and by-product cash cost per ounce sold, co-product and by-product all-in sustaining cost ("AISC") per ounce sold, earnings before interest, tax, depreciation and amortization ("EBITDA"), adjusted earnings before interest, tax, depreciation and amortization, free cash flow, capital expenditures (expansionary), capital expenditures (sustaining), adjusted net earnings and average realized price per ounce. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore, they may not be comparable to similar measures employed by other companies. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements.

Definitions

Adjusted net earnings and earnings per share excludes significant write-down adjustments.

Adjusted EBITDA removes the effect of significant write-down adjustments on earnings before interest, tax, depreciation and amortization (including accretion) and excludes exchange gain/loss on translation of foreign operations.

All-in sustaining costs on a by-product basis per ounce include total production cash costs on a by-product basis plus incorporates costs related to sustaining production.

All-in sustaining costs on a co-product basis per ounce include total production cash costs on a co-product basis plus incorporates costs related to sustaining production.

Average realized gold price represents the sale price of gold per ounce before deducting mining royalty (Mexico), treatment and refining charges as well as gain or losses derived from the stream agreements with Orion.

Average realized silver price represents the sale price of silver per ounce before deducting mining royalty (Mexico), treatment and refining charges as well as gain or losses derived from the stream agreements with Orion.

By-product credits include revenues from the sale of by-products from operating mines.

Capital expenditure (expansionary) is a capital expenditure intended to expand the business or operations by increasing production capacity beyond current levels of performance and includes capitalized exploration.

Capital expenditure (sustaining) is a capital expenditure necessary to maintain existing levels of production. The sustaining capital expenditures maintain the existing mine fleet, mill and other facilities so that they function at levels consistent from year to year.

Cost of sales per ounce sold is calculated by dividing the attributable cost of sales by the attributable ounces sold.

EBITDA - Earnings before interest, tax, depreciation and amortization (including accretion). Excludes exchange gain/loss on translation of foreign operations.

Exploration and evaluation (sustaining) expense is presented as mine site sustaining if it supports current mine operations.

Rehabilitation – accretion and amortization include depreciation on the assets related to the rehabilitation provision of gold operations and accretion on the rehabilitation provision of gold operations.

Cash Costs

Cash costs per ounce sold represents all direct and indirect operating costs related to the physical activities of producing gold, including on-site mining costs, processing, third-party smelting, refining and transport costs, on-site general and administrative costs, community site relations, royalties and royalty tax. State of Nevada net proceeds taxes are excluded. Cash costs incorporate the Company's share of production costs but exclude, among other items, the impact of depreciation, depletion and amortization ("DD&A"), reclamation costs, financing costs, capital development and exploration and income taxes. In order to arrive at consolidated cash costs, the Company includes its attributable share of total cash costs from operations where less than 100% interest in the economic share of production is held.

Cash costs are computed on a co-product basis, however, by-product cost per ounce metrics have also been provided in order to provide more information to the Company's stakeholders.

Cash cost: by-product - When deriving the cash costs associated with an ounce of gold, the Company includes by-product credits, as the Company considers that the cost to produce the gold is reduced as a result of the by-product sales incidental to the gold production process. Accordingly, total production costs are reduced for revenues earned from silver sales.

Cash cost: co-product - When deriving the cash costs associated with an ounce of gold, the Company allocates a share of production costs to the co-product based on the ratio of silver sales dollars to gold sales dollars.

Cash costs per ounce is a common performance measure in the mining industry but does not have any standardized meaning. In determining its cash cost and cash cost per ounce, the Company has considered the guidelines provided by the World Gold Council, a non-regulatory, non-profit market development organization for the gold industry. A Company's adoption of the standard is voluntary and other companies may quantify these measures differently as a result of different underlying principles and policies applied.

All-in Sustaining Costs

AISC include total production cash costs incurred at the Company's mining operations, which forms the basis of the Company's by-product and co-product cash costs. Additionally, the Company includes sustaining capital expenditures which are expended to maintain existing levels of production (to which costs do not contribute to a material increase in annual gold ounce production over the next 12 months), rehabilitation accretion and amortization, general and administrative (excluding stock compensation) and exploration and evaluation expenses. The measure seeks to reflect the full cost of production from current operations, therefore expansionary capital is excluded. Certain other cash expenditures, including tax payments (including the State of Nevada net proceeds tax), dividends and financing costs are also excluded. The Company reports AISC on a per ounce sold basis.

This performance measure was adopted as a result of an initiative undertaken within the gold mining industry; however, this performance measure has no standardized meaning and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. In determining AISC, the Company has considered the guidelines provided by the World Gold Council, a non-regulatory, non-profit market development organization for the gold industry. A Company's adoption of the standard is voluntary and other companies may quantify these measures differently as a result of different underlying principles and policies applied.

The following table provides a reconciliation on a co-product basis for cash cost and AISC for the three months ended September 30, 2019:

For the three months ended September 30, 2019

in thousands of U.S. dollars, except per ounce information in dollars (i)

	Mercedes		South Arturo iii		Consolidated Gold		Mercedes		
Co-Product	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Silver 000$**	**Per silver ounce sold**	**Total 000$**
Cost of sales excluding depletion, depreciation and amortization	14,364	1,089	-	-	14,364	1,089	483	14	14,847
Depletion, depreciation and amortization	4,203	319	-	-	4,203	319	141	4	4,344
Total cost of sales	**18,567**	**1,408**	**-**	**-**	**18,567**	**1,408**	**624**	**18**	**19,191**
Depletion, depreciation and amortization	(4,203)	(319)	-	-	(4,203)	(319)	(141)	(4)	(4,344)
Royalty tax	88	7	-	-	88	7	3	0	91
Other costs (ii)	(6)	(0)	-	-	(6)	(0)	(0)	(0)	(7)
Cash cost : co-product	**14,446**	**1,095**	**-**	**-**	**14,446**	**1,095**	**485**	**14**	**14,932**
General and administrative	765	58	-	-	765	58	26	1	791
Rehabilitation - accretion and amortization	162	12	-	-	162	12	5	0	168
Sustaining capital expenditures	1,882	143	-	-	1,882	143	63	2	1,945
Sustaining exploration and evaluation expense	595	45	-	-	595	45	20	1	615
All-in sustaining cost : co-product	**17,851**	**1,354**	**-**	**-**	**17,851**	**1,354**	**600**	**17**	**18,450**
Total ounces produced		**14,481**		**2,003**		**16,484**		**37,462**	
Total ounces sold (iii)		**13,187**		**-**		**13,187**		**35,587**	

(i) Results may not add due to rounding

(ii) General and administrative expenses that align with all-in sustaining costs

(iii) South Arturo production from Phase 2 stockpile and El Nino underground which declared commerical production in September, 2019, sales to be recorded in October, 2019

The following table provides a reconciliation on a co-product basis for cash cost and AISC for the three months ended September 30, 2018:

For the three months ended September 30, 2018

in thousands of U.S. dollars, except per ounce information in dollars (i)

	Mercedes		South Arturo		Consolidated Gold		Mercedes		
Co-Product	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Silver 000$**	**Per silver ounce sold**	**Total 000$**
Cost of sales excluding depletion, depreciation and amortization	17,647	903	793	411	18,440	859	864	10	19,305
Depletion, depreciation and amortization	5,244	268	510	264	5,754	268	257	3	6,011
Total cost of sales	**22,891**	**1,172**	**1,303**	**674**	**24,194**	**1,127**	**1,121**	**13**	**25,316**
Depletion, depreciation and amortization	(5,244)	(268)	(510)	(264)	(5,754)	(268)	(257)	(3)	(6,011)
Royalty tax	116	6	-	-	116	5	6	0	122
Other costs (ii)	(102)	(5)	(29)	(15)	(131)	(6)	(5)	(0)	(136)
Cash cost : co-product	**17,661**	**904**	**764**	**396**	**18,425**	**858**	**865**	**10**	**19,290**
General and administrative	270	14	136	70	406	19	13	0	419
Rehabilitation - accretion and amortization	384	20	34	18	418	19	19	0	437
Sustaining capital expenditures	1,781	91	-	-	1,781	83	87	1	1,868
Sustaining exploration and evaluation expense	581	30	29	15	610	28	28	0	639
All-in sustaining cost : co-product	**20,677**	**1,059**	**963**	**498**	**21,640**	**1,008**	**1,013**	**12**	**22,653**
Total ounces produced		**17,465**		**2,635**		**20,100**		**88,390**	
Total ounces sold (iii)		**19,534**		**1,932**		**21,466**		**85,376**	

(i) Results may not add due to rounding

(ii) General and administrative expenses that align with all in sustaining costs

(iii) Given the smaller nature of South Arturo silver output, any silver revenue received offset costs

The following table provides a reconciliation on a co-product basis for cash cost and AISC for the nine months ended September 30, 2019:

For the nine months ended September 30, 2019

in thousands of U.S. dollars, except per ounce information in dollars [i]

	Mercedes		South Arturo		Consolidated Gold		Mercedes		
Co-Product	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Silver 000$**	**Per silver ounce sold**	**Total 000$**
Cost of sales excluding depletion, depreciation and amortization	45,789	971	316	345	46,106	959	1,788	12	47,893
Depletion, depreciation and amortization	13,669	290	179	195	13,848	288	535	3	14,383
Total cost of sales	**59,458**	**1,261**	**495**	**539**	**59,953**	**1,247**	**2,323**	**15**	**62,277**
Depletion, depreciation and amortization	(13,669)	(290)	(179)	(195)	(13,848)	(288)	(535)	(3)	(14,383)
Royalty tax	312	7	-	-	312	6	12	0	325
Other costs [ii]	(208)	(4)	(34)	(37)	(242)	(5)	(9)	(0)	(250)
Cash cost : co-product	**45,894**	**973**	**282**	**308**	**46,176**	**961**	**1,792**	**12**	**47,968**
General and administrative	1,586	34	272	296	1,858	39	59	0	1,917
Rehabilitation - accretion and amortization	855	18	56	61	911	19	34	0	945
Sustaining capital expenditures	8,220	174	-	-	8,220	171	331	2	8,550
Sustaining exploration and evaluation expense	1,270	27	96	104	1,365	28	49	0	1,415
All-in sustaining cost : co-product	**57,824**	**1,226**	**705**	**768**	**58,530**	**1,218**	**2,265**	**15**	**60,795**
Total ounces produced		**47,627**		**2,920**		**50,547**		**146,496**	
Total ounces sold [iii]		**47,147**		**918**		**48,065**		**154,651**	

[i] Results may not add due to rounding

[ii] General and administrative expenses that align with all-in sustaining costs

[iii] Given the smaller nature of South Arturo silver output, any silver revenue received offset costs

The following table provides a reconciliation on a co-product basis for cash cost and AISC for the nine months ended September 30, 2018:

For the nine months ended September 30, 2018

in thousands of U.S. dollars, except per ounce information in dollars [i]

	Mercedes		South Arturo		Consolidated Gold		Mercedes		
Co-Product	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Silver 000$**	**Per silver ounce sold**	**Total 000$**
Cost of sales excluding depletion, depreciation and amortization	50,445	982	8,491	425	58,935	826	2,246	11	61,181
Depletion, depreciation and amortization	15,734	306	5,906	295	21,640	303	694	3	22,334
Total cost of sales	**66,179**	**1,288**	**14,397**	**720**	**80,576**	**1,129**	**2,940**	**14**	**83,515**
Depletion, depreciation and amortization	(15,734)	(306)	(5,906)	(295)	(21,640)	(303)	(694)	(3)	(22,334)
Royalty tax	298	6	-	-	298	4	13	0	311
Other costs [ii]	(231)	(4)	(76)	(4)	(306)	(4)	(10)	(0)	(317)
Cash cost : co-product	**50,512**	**983**	**8,415**	**421**	**58,927**	**826**	**2,249**	**11**	**61,176**
General and administrative	870	17	344	17	1,214	17	39	0	1,253
Rehabilitation - accretion and amortization	1,136	22	449	22	1,584	22	51	0	1,635
Sustaining capital expenditures	5,212	101	0	0	5,212	73	232	1	5,444
Sustaining exploration and evaluation expense	1,216	24	84	4	1,300	18	57	0	1,357
All-in sustaining cost : co-product	**58,946**	**1,147**	**9,292**	**465**	**68,238**	**956**	**2,627**	**13**	**70,865**
Total ounces produced		**46,254**		**20,403**		**66,657**		**190,126**	
Total ounces sold [iii]		**51,387**		**19,996**		**71,383**		**209,684**	

[i] Results may not add due to rounding

[ii] General and administrative expenses that align with all in sustaining costs

[iii] Given the smaller nature of South Arturo silver output, any silver revenue received offset costs

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the three months ended September 30, 2019:

	For the three months ended September 30, 2019					
in thousands of U.S. dollars, except per ounce information in dollars [(i)]	Mercedes		South Arturo [iii]		Total	
By-Product	000$	Per gold ounce sold	000$	Per gold ounce sold	000$	Per gold ounce sold
Cost of sales excluding depletion, depreciation and amortization	14,847	1,126	-	-	14,847	1,126
Depletion, depreciation and amortization	4,344	329	-	-	4,344	329
Total cost of sales	**19,191**	**1,455**	**-**	**-**	**19,191**	**1,455**
Depletion, depreciation and amortization	(4,344)	(329)	-	-	(4,344)	(329)
Royalty tax	91	7	-	-	91	7
By-product credits	(613)	(46)	-	-	(613)	(46)
Other costs [(ii)]	(7)	(1)	-	-	(7)	(1)
Cash cost : by-product	**14,319**	**1,086**	**-**	**-**	**14,319**	**1,086**
General and administrative	791	60	-	-	791	60
Rehabilitation - accretion and amortization	168	13	-	-	168	13
Sustaining capital expenditures	1,945	147	-	-	1,945	147
Sustaining exploration and evaluation expense	615	47	-	-	615	47
All-in sustaining cost : by-product	**17,838**	**1,353**	**-**	**-**	**17,838**	**1,353**
Total gold ounces produced		**14,481**		**2,003**		**16,484**
Total ounces sold [(iii)]		**13,187**		**-**		**13,187**

[(i)] Results may not add due to rounding

[(ii)] General and administrative expenses that align with all-in sustaining costs

[(iii)] South Arturo production from Phase 2 stockpile and El Nino underground which declared commerical production in September, 2019, sales to be recorded in October, 2019

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the three months ended September 30, 2018:

	For the three months ended September 30, 2018					
in thousands of U.S. dollars, except per ounce information in dollars [(i)]	Mercedes		South Arturo		Total	
By-Product	000$	Per gold ounce sold	000$	Per gold ounce sold	000$	Per gold ounce sold
Cost of sales excluding depletion, depreciation and amortization	18,512	948	793	411	19,305	899
Depletion, depreciation and amortization	5,501	282	510	264	6,011	280
Total cost of sales	**24,012**	**1,229**	**1,303**	**674**	**25,316**	**1,179**
Depletion, depreciation and amortization	(5,501)	(282)	(510)	(264)	(6,011)	(280)
Royalty tax	122	6	-	-	122	6
By-product credits	(1,257)	(64)	-	-	(1,257)	(59)
Other costs [(ii)]	(107)	(6)	(29)	(15)	(136)	(6)
Cash cost : by-product	**17,268**	**884**	**764**	**396**	**18,033**	**840**
General and administrative	283	15	136	70	419	20
Rehabilitation - accretion and amortization	403	21	34	18	437	20
Sustaining capital expenditures	1,868	96	-	-	1,868	87
Sustaining exploration and evaluation expense	610	31	29	15	639	30
All-in sustaining cost : by-product	**20,433**	**1,046**	**963**	**498**	**21,396**	**997**
Total gold ounces produced		**17,465**		**2,635**		**20,100**
Total gold ounces sold		**19,534**		**1,932**		**21,466**

[(i)] Results may not add due to rounding

[(ii)] General and administrative expenses that align with all in sustaining costs

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the nine months ended September 30, 2019:

For the nine months ended September 30, 2019

in thousands of U.S. dollars, except per ounce information in dollars [i]

By-Product	Mercedes 000$	Mercedes Per gold ounce sold	South Arturo 000$	South Arturo Per gold ounce sold	Total 000$	Total Per gold ounce sold
Cost of sales excluding depletion, depreciation and amortization	47,577	1,009	316	345	47,893	996
Depletion, depreciation and amortization	14,204	301	179	195	14,383	299
Total cost of sales	**61,782**	**1,310**	**495**	**539**	**62,277**	**1,296**
Depletion, depreciation and amortization	(14,204)	(301)	(179)	(195)	(14,383)	(299)
Royalty tax	325	7	-	-	325	7
By-product credits	(2,424)	(51)	-	-	(2,424)	(50)
Other costs [ii]	(217)	(5)	(34)	(37)	(250)	(5)
Cash cost : by-product	**45,261**	**960**	**282**	**308**	**45,544**	**948**
General and administrative	1,645	35	272	296	1,917	40
Rehabilitation - accretion and amortization	890	19	56	61	945	20
Sustaining capital expenditures	8,550	181	-	-	8,550	178
Sustaining exploration and evaluation expense	1,319	28	96	104	1,415	29
All-in sustaining cost : by-product	**57,665**	**1,223**	**705**	**768**	**58,371**	**1,214**
Total gold ounces produced		**47,627**		**2,920**		**50,547**
Total ounces sold		**47,147**		**918**		**48,065**

[i] Results may not add due to rounding

[ii] General and administrative expenses that align with all-in sustaining costs

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the nine months ended September 30, 2018:

For the nine months ended September 30, 2018

in thousands of U.S. dollars, except per ounce information in dollars [i]

By-Product	Mercedes 000$	Mercedes Per gold ounce sold	South Arturo 000$	South Arturo Per gold ounce sold	Total 000$	Total Per gold ounce sold
Cost of sales excluding depletion, depreciation and amortization	52,690	1,025	8,491	425	61,181	857
Depletion, depreciation and amortization	16,428	320	5,906	295	22,334	313
Total cost of sales	**69,118**	**1,345**	**14,397**	**720**	**83,515**	**1,170**
Depletion, depreciation and amortization	(16,428)	(320)	(5,906)	(295)	(22,334)	(313)
Royalty tax	311	6	-	-	311	4
By-product credits	(3,321)	(65)	-	-	(3,321)	(47)
Other costs [iii]	(241)	(5)	(76)	(4)	(317)	(4)
Cash cost : by-product	**49,439**	**962**	**8,415**	**421**	**57,854**	**810**
General and administrative	909	18	344	17	1,253	18
Rehabilitation - accretion and amortization	1,186	23	449	22	1,635	23
Sustaining capital expenditures	5,444	106	0	0	5,444	76
Sustaining exploration and evaluation expense	1,273	25	84	4	1,357	19
All-in sustaining cost : by-product	**58,251**	**1,134**	**9,292**	**465**	**67,543**	**946**
Total gold ounces produced		**46,254**		**20,403**		**66,657**
Total gold ounces sold		**51,387**		**19,996**		**71,383**

[i] Results may not add due to rounding

[ii] General and administrative expenses that align with all in sustaining costs

[iii] Fees, discounts and bank fees, other income/expense not related to current operations

RISKS AND RISK MANAGEMENT

Financial Instruments and Related Risks

The Company's activities expose it to risks, including financial and operational risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns and which are more fully described in the risks and uncertainties section.

For financial instruments, the carrying amounts of cash and cash equivalents, receivables, restricted cash and accounts payable and accrued liabilities are considered reasonable approximations of their fair values.

Debt is initially recognized at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are held at amortized cost using the effective interest method.

Derivative instruments are recorded at fair value through profit or loss and are recorded on the statement of financial position at fair market value. Fair value for derivative instruments is determined using valuation techniques with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative. The silver stream is valued at fair value through profit or loss using a net present value approach which could result in fair value gains or losses depending on changes in metal prices, interest rates, timing and variability of cash flows.

For full details on the financial instruments and related risks affecting the Company, please refer to the Company's audited annual consolidated financial statements, notes and information for the year ended December 31, 2018.

Management of Capital Risk

The Company manages its share capital, equity settled employee benefits reserve, warrant reserve and contributed capital as capital. 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, utilize existing credit facilities or acquire new debt.

In order to maximize ongoing exploration and development 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 enough to carry out its exploration and evaluation plans through 2019.

Risks and Uncertainties

Fluctuating Commodity Prices

Historically, gold prices have fluctuated widely and are affected by numerous external factors beyond the Company’s control, including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, production and cost levels in major producing regions, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the US dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events. Resource prices have fluctuated widely and are sometimes subject to rapid short-term changes because of speculative activities. The exact effect of these factors cannot be accurately predicted, but any one of, or any combination of, these factors may result in not receiving an adequate return on invested capital and a loss of all or part of an investment in securities in the Company.

Dependence on Key Personnel

The Company’s success is dependent on a relatively small number of key employees. The loss of one or more of these key employees, if not replaced, could have a material adversely affect Premier's business, results of operations and financial condition.

Dependence on Third Parties

The Company relies significantly on strategic relationships with other entities and also on good relationships with regulatory and governmental departments. The Company also relies upon third parties to provide essential contracting services. In some cases, Premier holds its interest in its properties through joint ventures. In certain cases, including the South Arturo Mine and the Rahill-Bonanza Project, Premier is not the manager of the joint venture. In these situations, the joint venture decision may not accord with Premier's stated or desired plan. There can be no assurance that existing relationships will continue to be maintained or that new ones will be successfully formed, and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance, which causes the early termination or nonrenewal of one or more of these key business alliances or contracts, could adversely impact the Company, its business, operating results and prospects.

No Assurance of Title

The acquisition of title to mineral projects is a very detailed and time-consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of Premier where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned. Title insurance is generally not available for mineral properties and the Company has a limited ability to ensure that it has obtained secure claim to individual mineral claims. While Premier intends to take all reasonable steps to maintain title to its mineral properties, there can be no assurance that the Company will be successful in extending or renewing mineral rights on or prior to expiration of their term or that the title to any such properties will not be affected by an unknown title defect.

Construction and Start-up of New Mines

The success of construction projects and the start up of new mines by the Company is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), the successful completion and operation of ore passes, the adsorption/desorption/recovery plants and conveyors to move ore, among other operational elements. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start up of new mines as planned. There can be no assurance that current or future construction and start up plans implemented by the Company will be successful, that the Company will be able to obtain sufficient funds to finance construction and start up activities, that personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects, that the Company will be able to obtain all necessary governmental approvals and permits or that the completion of the construction, the start up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Company. Any of the foregoing factors could adversely impact the operations and financial condition of the Company.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations, and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. Where required, obtaining necessary licenses and permits can be a complex and time-consuming process. The costs and delays associated with obtaining necessary licences and permits could stop or materially delay or restrict the Company from proceeding with the development of an exploration project. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its mineral projects or that the Company will be able to comply with the conditions of all such necessary licenses and permits in an economically viable manner.

Environmental Regulations and Potential Liabilities

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental hazards may exist on the properties on which the Company holds interests which are unknown at present and which have been caused by previous or existing owners or operators of the properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration or mining operations may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties. The potential financial exposure may be significant.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, railways, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Aboriginal Claims and Consultation Issues

Aboriginal interests and rights as well as related consultation issues may impact the Company's ability to pursue exploration, development and mining at its projects. The Company may enter into agreements with First Nations and other Aboriginal communities in order to manage its relationship with those groups but there is no assurance that claims or other assertions of rights by Aboriginal communities or consultation issues will not arise on or with respect to Premier's properties or activities. These could result in significant costs and delays or materially restrict the Company's activities.

Fluctuations in Foreign Currency Exchange Rates

A portion of the Company's current and proposed expenditures are made in Canadian dollars and Mexican Pesos.

The effects of the foreign exchange rates on operating costs and on future cash flows may be significant. Premier does not currently have any hedging contracts in connection with its use of Canadian dollars or Mexican Pesos. Depreciation of the Canadian dollar against the U.S. dollar or Mexican Peso would increase the costs associated with the exploration and development of the Company's properties and potentially increase future operating costs, taxes and royalties paid. These increased costs could materially adversely affect Premier's results of operation and financial condition.

Availability and Costs of Infrastructure, Energy and Other Commodities

Mining, processing, capital development projects and exploration activities depend on adequate infrastructure. Reliable access to energy and power sources and water supply are important factors that affect capital and operating costs. If the Company does not have timely access to adequate infrastructure, there is no assurance that it will be able to start or continue exploiting and develop projects, complete them on timely basis or at all. There is no assurance that the ultimate operations will achieve the anticipated production volume, or that construction costs and operating costs will not be higher than estimates calculated.

The profitability of the Company's business is also affected by the market prices and availability of commodities and resources which are consumed or otherwise used in connection with the Company's operations and development projects such as diesel fuel, electricity, finished steel, tires, steel, chemicals and reagents. Prices of such commodities and resources are also subject to volatile price movements, which can be material and can occur over short periods of time due to factors beyond the Company's control.

If there is a significant and sustained increase in the cost of certain commodities, the Company may decide that it is not economically feasible to continue all of the Company's commercial production and development activities and this could have an adverse effect on profitability. Higher worldwide demand for critical resources like input commodities, drilling equipment, mobile mining equipment, tires and skilled labour could affect the Company's ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on the Company's operating costs, capital expenditures and production schedules.

Further, the Company relies on certain key third party suppliers and contractors for services, equipment, raw materials used in, and the provision of services necessary for, the development, construction and continuing operation of its assets. As a result, the Company's activities are subject to a number of risks some of which are outside its control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or a contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen event and failure of a supplier or contractor to perform under its agreement with the Company. The occurrences of one or more of these events could have a material effect on the business, results of operations and financial condition of the Company.

Uncertainty of Production Estimates

Future estimates of gold production for the Company's operation as a whole are derived from a mining plan and these estimates are subject to change. There is no assurance the production estimates will be achieved and failure to achieve production estimates could have a materially adverse effect on the Company's future cash flow, results of operations and financial condition. These plans are based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions and physical characteristics of ores and estimated rates and costs of production. Actual ore production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above.

Such occurrences could result in damage to mineral properties, interruptions in production, money losses and legal liabilities and could cause a mineral property that has been mined profitably in the past to become unprofitable.

Any decrease in production or change to the timing of production or the prices realized for gold sales, will directly affect the amount and timing of the cash flow from operations. A production shortfall or any of these other factors would change the timing of the Company's projected cash flow and its ability to use the cash to fund capital expenditures.

Financing Risk

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing debt and equity market conditions, the price of gold, the performance of the Company and other factors outlined herein. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

If the Company raises additional funds through the sale of equity securities or securities convertible into equity securities, shareholders may have their equity interest in the Company diluted.

In addition, failure to comply with covenants under the Company's current or future debt agreements or to make scheduled payments of the principal of, or to pay interest on, its indebtedness or to make scheduled payments under hedging arrangements would likely result in an event of default under the debt agreements and would allow the lenders to accelerate the debt under these agreements, which may affect the

Company's financial condition.

Losses from or Liabilities for Risks which are not Insured

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development and mining. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities would have a material, adverse effect on the Company's financial position and results of operations.

Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition and results of operations.

Governmental Regulation

Exploration, development and mining of minerals are subject to extensive federal, provincial, state and local laws and regulations governing acquisition of the mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims that may be brought by First Nations and other aboriginal groups, environmental protection and remediation, endangered and protected species, mine safety and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied or amended in a manner that could have a material adverse effect on the business, financial condition and results of operations of the Company. The costs and delays associated with obtaining necessary licences and permits and complying with these licences and permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of a project. Any failure to comply with applicable laws and regulations or licences and permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. The Company may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

These laws and regulations are administered by various governmental authorities including the federal, provincial and municipal governments of Canada, the USA and Mexico.

Health and Safety

Mining operations generally involve a high degree of risk. Personnel involved in the Company's operations are subject to many inherent risks, including but not limited to, rock bursts, cave-ins, flooding, fall of ground, electricity, slips and falls and moving equipment that could result in occupational illness, health issues and personal injuries. The Company has implemented various health and safety measures designed to mitigate such risks. Such precautions, however, may not be sufficient to eliminate health and safety risks and employees, contractors and others may not adhere to the occupational health and safety programs that are in place. Any such occupational health and personal safety issues may adversely affect the business of the Company and its future operations.

Tax Matters

The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position, application of tax incentives or similar 'holidays' or benefits were to be challenged for whatever reason, this could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively affect the Company's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have a substantial negative impact on the Company's business. There is no assurance that the Company's current financial condition will not be materially adversely affected in the future due to such changes.

Information Technology

The Company is reliant on the continuous and uninterrupted operations of its Information Technology ("IT") systems. User access and security of all IT systems are critical elements to the operations of the Company. Protection against cyber security incidents and cloud security, and security of all of the Company's IT systems are critical to the operations of the Company. Any IT failure pertaining to availability, access or system security could result in disruption for personnel and could adversely affect the reputation, operations or financial performance of the Company.

The Company's IT systems could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information or disrupting business processes or by inadvertent or intentional actions by the Company's employees or vendors. A cyber security incident resulting in a security breach or failure to identify a security threat, could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy and security laws and regulations and remediation costs.

Labour Difficulties

Factors such as work slowdowns or stoppages caused by the attempted unionization of operations and difficulties in recruiting qualified miners and hiring and training new miners could materially adversely affect the Company’s business. This would have a negative effect on the Company’s business and results of operations which might result in the Company not meeting its business objectives.

Nature of Mineral Exploration and Mining

The economics of exploring and developing mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating mineral market prices, costs of mining and processing equipment and such other factors as government regulations, allowable production, importing and exporting of minerals and environmental protection.

The effect of these factors cannot be accurately predicted, but the combination of these factors may result in Premier not receiving an adequate return on invested capital. The operations of the Company are also subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Company may be subject to prolonged disruptions due to inclement or hazardous weather conditions depending on the location of operations in which Premier has interests. Hazards, such as unusual or unexpected geological formations, rock bursts, formation pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. Other risks include, but are not limited to, mechanical equipment performance problems, industrial accidents, labour disputes, drill rig shortages, the unavailability of materials and equipment, power failures, hydrological conditions, earthquakes, fires, landslides and other Acts of God. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Estimates of Mineral Resources and Mineral Reserves

Mineral reserves and mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves can be mined or processed profitably. Mineral reserve and mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data, the nature of the ore body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience. Fluctuations in gold or silver prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties, may require revision of mineral reserve and mineral resource estimates. Prolonged declines in the market price of gold (or applicable by-product metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's mineral reserves. Should reductions in mineral resources or mineral reserves occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources and mineral reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and mineral reserves and corresponding grades being mined and, as a result, the volume and grade of mineral reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Company's ability to extract these mineral reserves, could have a material adverse effect on the Company's results of operations and financial condition. Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that mineral resources will be upgraded to proven or probable mineral reserves.

Competition

There is significant competition in the precious metals mining industry for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop, and operate such properties, the labour to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals but conduct refining and marketing operations on a global basis. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its projects. Existing or future competition in the mining industry could materially adversely affect the Company’s prospects for mineral exploration and success in the future. Increased competition can result in increased costs and lower prices for metal and minerals produced and reduced profitability. Consequently, the revenues of the Company, its operations and financial condition could be materially adversely affected.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required by the Ontario Business Company's Act ("OBCA") to disclose the conflict of interest and to abstain from voting on the matter.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility, and access to public financing, particularly for resource companies, has been negatively impacted. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, such financing may not be on terms favourable to the Company. If increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the value and price of the Common Shares could be adversely affected.

Risks Relating to Premier Common Shares Generally

No Guarantee of Positive Return on Investment

There is no guarantee that an investment in the securities of Premier will earn any positive return in the short term or long term. The mineral exploration and development business is subject to numerous inherent risks and uncertainties, and any investment in the securities of Premier should be considered a speculative investment. Past successful performance provides no assurance of any future success. The purchase of securities of Premier involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. An investment in the securities of Premier is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Volatility of the Trading Price of Premier Common Shares

The Premier Common Shares are listed on the TSX. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur, which may result in losses to investors. The purchase of Premier Common Shares should be undertaken only by investors who have no need for immediate liquidity in their investment. The trading price of the Premier Common Shares may increase or decrease in response to a number of events and factors, including, but not limited to: Premier's operating performance and the performance of competitors and other similar companies; volatility in gold and other metal prices; the public's reaction to Premier's press releases, other public announcements and Premier's filings with the various securities regulatory authorities; the failure of Premier to meet the reporting and other obligations under Canadian securities laws or imposed by the TSX; changes in recommendations by research analysts who track the Premier Common Shares or the shares of other companies in the resource sector; a reduction in coverage by such research analysts; changes in general economic and/or political conditions; the arrival or departure of key personnel; and acquisitions, strategic alliances or joint ventures involving Premier or its competitors, which, if involving the issuance of Premier Common Shares, or securities exercisable or exchangeable for or convertible into Premier Common Shares, would result in dilution to present and prospective holders of Premier Common Shares. In addition, the market price of the Premier Common Shares is affected by many variables not directly related to Premier's success and are, therefore, not within Premier's control, including other developments that affect the market for all resource sector securities, the breadth of the public market for the Premier Common Shares, and the attractiveness of alternative investments. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. Premier may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

No Dividend Record

Premier does not have a dividend policy and has never declared or paid any dividends to its shareholders. Premier intends to invest all available funds toward the development and growth of its business and does not expect to pay any cash dividends for the foreseeable future. The payment of any cash dividend to shareholders of Premier in the future will be at the discretion of the directors of Premier and will depend on, among other things, the financial condition, capital requirements and earnings of Premier, and any other factors that the directors of Premier may consider relevant.

Issuance of Preference Shares

As of September 30, 2019, there were no Preference Shares outstanding; however, pursuant to its articles, Premier is authorized to issue an unlimited number of Preference Shares, in one or more series, with the designation of, and the rights, privileges, restrictions and conditions attached thereto, determined at the discretion of the directors of Premier, subject to the articles of Premier and the OBCA. Payment of dividends and repayment of the liquidation preference of such Preference Shares may take preference over dividends or other payments to holders of Premier Common Shares.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS

Internal Control over Financial Reporting

No changes occurred in current period of the Company's internal controls over financial reporting ("ICFR") that have materially affected or are reasonably likely to materially affect the Company's ICFR.

Internal control over financial reporting is a process designed by, or under, the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with international financial reporting standards.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding annual and interim financial statement disclosure.

CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward looking statements. By their nature, forward looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of resource estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, reliance should not be placed on forward looking statements. Premier's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits, if any, that Premier will derive there from. Premier disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise except as required by applicable law.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com, or on the Company's web-site at www.premiergoldmines.com.

"Steve Filipovic"
(Signed) Steve Filipovic
Chief Financial Officer
Thunder Bay, Canada
November 12, 2019