Management's Discussion and Analysis

For the year ended December 31, 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 audited consolidated financial statements for the year ended December 31, 2019 and the notes thereto. The Company's audited consolidated 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 March 4, 2020 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 located along the Trans-Canada highway in Ontario, Canada.

Other key advanced exploration and development properties include:

- A 100% interest in the McCoy-Cove gold property located in Nevada, USA,
- A 100% interest in the Hasaga Gold Project in Red Lake, Ontario, Canada, and
- A 44% interest with in the Rahill Bonanza project, also of Red Lake Ontario, Canada.

Quarter and Year 2019 Operating and Financial Highlights

Fourth Quarter

- Production of 16,880 ounces of gold and 45,500 ounces of silver
- Sales of 19,909 ounces of gold at an average realized price[1] of $1,416 per ounce
- Cash costs[1] of $1,087 per ounce of gold sold
- AISC[1] of $1,217 per ounce of gold sold
- Revenue of $28.9 million
- Mine operating income of $1 million
- Net loss of $4.9 million

Year 2019

- Production of 67,427 ounces of gold and 192,829 ounces of silver
- Sales of 67,973 ounces of gold at an average realized price[1] of $1,332 per ounce
- Cash costs[1] of $998 per ounce of gold sold
- AISC[1] of $1,218 per ounce of gold sold
- Revenue of $93.7 million
- Mine operating income of $3.6 million
- Net loss of $20 million

[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 December 31		Years ended December 31	
		2019	2018	2019	2018
Ore milled	*tonnes*	183,714	188,444	712,805	861,058
Gold produced	*ounces*	16,880	23,042	67,427	89,699
Silver produced	*ounces*	45,500	120,730	192,829	321,814
Gold sold	*ounces*	19,909	15,653	67,973	87,036
Silver sold	*ounces*	46,722	90,135	201,374	299,819
Realized Price					
Average realized gold price [i,ii]	*$/ounce*	1,416	1,250	1,332	1,264
Average realized silver price [i,ii]	*$/ounce*	17	15	16	16
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,087	619	998	788
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,217	798	1,218	927
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	15	10	12	10
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	17	13	15	13
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,083	591	987	771
By-product all- in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,217	785	1,215	917
Financial Measures					
Gold revenue	*m $*	28.1	19.4	90.5	109.6
Silver revenue	*m $*	0.8	0.5	3.2	4.2
Total revenue	*m $*	28.9	19.9	93.7	113.9
Mine operating income	*m $*	1.0	6.1	3.6	16.5
Net loss	*m $*	(4.9)	(8.9)	(20.0)	(20.4)
Loss per share	*/share*	(0.02)	(0.04)	(0.10)	(0.10)
EBITDA [i,ii]	*m $*	2.5	(5.4)	4.4	9.3
Cash & cash equivalents balance	*m $*	58.4	43.9	58.4	43.9
Cash flow from operations	*m $*	22.8	(7.5)	23.2	(10.7)
Free cash flow [i,ii]	*m $*	9.0	(14.5)	(28.9)	(37.6)
Exploration, evaluation & pre-development expense	*m $*	6.1	4.4	24.1	22.2
Capital					
Total capital expenditures	*m $*	13.8	7.0	52.2	27.0
Capital expenditures - sustaining [i,ii]	*m $*	2.2	1.6	10.7	7.0
Capital expenditures - expansionary [i,ii]	*m $*	11.6	5.4	41.5	20.0

(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 December 31, 2019 audited 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 audited 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. As at December 31, 2019, the Company is in compliance with these covenants. To the date of this report, the Company has drawn-down $17.5 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 December 31, 2019 audited consolidated 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 and 2018							
	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Gold sales (ounces) (ii)	19,909	13,187	17,358	17,520	15,653	21,466	20,642	29,275
Silver sales (ounces) (ii)	46,722	35,587	56,484	62,581	90,135	85,376	58,098	66,210
(in thousands of U.S. dollars, unless otherwise stated)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenue	28,889	18,750	22,991	23,120	19,885	27,336	27,470	39,176
Costs of sales	(22,285)	(14,847)	(18,325)	(14,721)	(10,582)	(19,305)	(20,539)	(21,337)
Depletion, depreciation and amortization	(5,626)	(4,344)	(5,327)	(4,712)	(3,234)	(6,011)	(8,126)	(8,197)
Mine operating income / (loss)	978	(441)	(661)	3,687	6,069	2,020	(1,195)	9,641
Other significant income / (loss):								
Write-down of inventory	-	-	-	-	(8,260)	-	-	-
Gain attributable to Greenstone Gold development commitment	5,376	4,668	4,213	2,952	2,349	2,450	3,403	1,690
Loss for the period	(4,882)	(4,065)	(10,072)	(933)	(8,908)	(1,844)	(7,654)	(2,020)
Basic and diluted loss per share	(0.02)	(0.02)	(0.05)	(0.00)	(0.04)	(0.01)	(0.04)	(0.01)

(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.

Quarter Results

(in thousands of U.S. dollars, unless otherwise noted)	Three months ended December 31		Years ended December 31	
	2019	2018	2019	2018
Revenue	**28,889**	**19,885**	**93,750**	**113,867**
Cost of sales	(22,285)	(10,582)	(70,178)	(71,763)
Depletion, depreciation and amortization	(5,626)	(3,234)	(20,009)	(25,568)
Mine operating income	**978**	**6,069**	**3,563**	**16,536**
Expenses				
Exploration, evaluation, and pre-development	6,072	4,449	24,094	22,233
Property maintenance	264	41	442	243
General and administrative	2,815	3,547	9,932	9,528
Share-based payments	223	37	3,457	2,571
Re-measurement of environmental rehabilitation provision	(20)	-	93	(99)
Operating loss	**(8,376)**	**(2,005)**	**(34,455)**	**(17,940)**

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.

Sales

A total of 19,909 gold ounces were sold during the fourth quarter of 2019, with 6,281 ounces from South Arturo and 13,628 ounces from Mercedes compared to the third quarter total of 13,187 ounces, all produced from Mercedes. Sales were higher due to the production of South Arturo.

As expected, gold sales rebounded in comparison to the previous four quarters as South Arturo commenced commercial production at El Nino. Remediation efforts continue at Mercedes, with production impacted this year by the requirement to redesign stopes in new mining zones following changes in geologic interpretations. resulting in lower mined grades during the transition period. For a full discussion on the mining operations, refer to the “Mine Operating Segments” section of this MD&A.

Revenue, Mine Operating Income and Net loss

Revenue of $28.9 million for the fourth quarter of 2019 reflects the increment in production mentioned above and the upward trend of the average realized gold price with $1,416 per ounce for the fourth quarter of 2019.

The fourth quarter saw a positive mine operating income after two quarters of losses due to the commencement of commercial production of El Nino at South Arturo.

Net loss presented over the eight quarters is generally reflective of the limited life of the South Arturo Phase 2 open pit which wound down throughout 2018 and the production challenges at Mercedes. Underground production at the El Nino project in South Arturo and stabilization at Mercedes provide better expectations for coming quarters.

Expenses

Exploration, evaluation and pre-development expense for the three months ended December 31, 2019 was $6.0 million compared to $4.5 million for the prior-year period. For the year ended December 31, 2019, expenses were $24.0 million compared to $22.2 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 and year ended December 31, 2019 were $2.8 million and $9.9 million compared to $3.5million and $9.5 million in the prior-year period respectively. The year to date increase in administrative costs is the result of increased corporate legal consulting due in part to the litigation described in the “Legal Claims” section of this MD&A.

Share-based payments are related to the annual grant and vesting of stock options and restricted share units. The activity for the three months ended December 31, 2019 is due to valuation of restricted share units as no stock options issued in the period. The year to date increase is due in part to a full three years of restricted share units compared to two years of vesting in 2018.

Other Income / Expense

(in thousands of U.S. dollars)	Three months ended December 31		Years ended December 31	
	2019	2018	2019	2018
Other income / expense				
Investment and other income	174	1,618	249	1,684
Interest earned	82	135	470	680
Gain on disposal of property, plant and equipment	3	-	231	321
Gain / (loss) on derivatives	(15)	(306)	(3,372)	637
Loss on investments	(6)	(16)	(25)	(110)
Gain / (loss) on foreign exchange	487	(1,519)	1,260	(2,756)
Gain attributable to Greenstone Gold development commitment	5,376	2,349	17,209	9,891
Gain on contract modifications	-	-	412	-
Change in fair value of silver stream contract	(936)	-	(3,787)	-
Write-down of Inventory	-	(8,260)	-	(8,260)
Gain on disposal of royalty	-	-	5,976	-
	5,165	**(5,999)**	**18,623**	**2,087**

Investment and other income decreased during the three months and year ended December 31, 2019 when compared to the prior-year period, mainly due to the recognition of income during 2018 for the cancellation of a Mercedes retirement savings plan which was not benefiting employees.

Interest income is lower compared to the prior-year period for the three months and year ended December 31, 2018 as a result of lower cash balances during this year compared to last year.

The gain on disposal of property, plant and equipment for the years ended December 31, 2019 and 2018 are related to the disposal of a non-core mineral interest for minimal proceeds less costs and the elimination of the related environmental rehabilitation obligation in each year.

The loss on derivatives for both the three months and year ended December 31, 2019 of $0.1 million and $3.4 million respectively were mostly generated from the fair value loss on the valuation of zero cost collar option contracts. The year to date loss includes $0.38 million for the valuation of warrants.

The 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. For the three months ended December 31, 2019, the U.S. dollar weakened by 2.0% against the Canadian dollar and 4.2% against the peso, causing a foreign exchange gain on foreign denominated cash balances for this quarter. This outcome is compared to a strengthening of the U.S. dollar for the prior-year period of 5.1% against the Canadian dollar and 4.4% against the peso with a corresponding higher foreign exchange loss. For the year ended December 31, 2019, the U.S. dollar weakened against the Canadian dollar by 5.0% and the peso by 4.5% causing an overall exchange gain of $1.3 million. For the year ended December 31, 2018, the U.S. dollar strengthened against the Canadian dollar by 8.3% and the against the peso by 0.2% resulting in the foreign exchange loss of $2.8 million.

The gain on contract modifications shown in year ended December 31, 2019 relates to the financing arrangement discussed in Note 4 to the audited consolidated financial statements for the year ended December 31, 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 December 31, 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 which have been impacted by the reduced ounces from the Mercedes mine.

The gain attributable to the Greenstone Gold development commitment for the period ended December 31, 2019 was $17.2 million compared to $9.9 million in the prior-year period, directly attributable to the increased 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”).

The loss on inventory experienced in 2018 was the result of a non-recurring issue related to the RMC bankruptcy discussed in Note 29 of the audited consolidated financial statements for the year ended December 31, 2019. The gain on disposal of royalties for 2019 relates to the sale of royalties remaining on mineral interests that were previously sold and written off.

Interest and Finance Expense

	Three months ended December 31		Years ended December 31	
(in thousands of U.S. dollars)	2019	2018	2019	2018
Finance expense				
Environmental rehabilitation accretion	214	376	949	1,279
Interest paid	313	327	1,113	1,984
Amortization of finance costs	145	56	567	1,090
Amortization of gold prepay interest	(115)	(269)	(691)	(1,306)
Silver stream accretion	-	226	48	693
Amortization of discount	-	-	-	4
Finance costs	207	-	814	-
	764	**716**	**2,800**	**3,744**

For the three months and year ended December 31, 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 December 31, 2019 remained similar when compared to the prior-year period and lower in the year ended December 31, 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 months and year ended December 31, 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

	Three months ended December 31		Years ended December 31	
(in thousands of U.S. dollars)	2019	2018	2019	2018
Loss before income taxes	(3,975)	(8,720)	(18,632)	(19,597)
Current tax expense	(570)	(664)	(1,805)	(2,781)
Deferred tax recovery / (expense)	(337)	476	485	1,952
Loss for the period	**(4,882)**	**(8,908)**	**(19,952)**	**(20,426)**
Exchange gain / (loss) on translation of foreign operations	(616)	913	(1,620)	(3,086)
Comprehensive income / (loss) for the year	**(616)**	**913**	**(1,620)**	**(3,086)**
Total comprehensive loss for the period	**(5,498)**	**(7,995)**	**(21,572)**	**(23,512)**

Current income taxes are comprised of net proceeds tax in Nevada related to the South Arturo mine operation, mining royalty tax at Mercedes operations, Mercedes withholding tax and a current provision for income taxes for the Mexico service company providing operations staff for Mercedes. The current income tax expense decreased by $0.9 million for the year ended December 31, 2019 compared to the prior-year period primarily due to a 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. for the use of tax balances to offset the income from the sale of the royalty for 2019 and 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)

Other comprehensive income / (loss) includes the exchange gain or loss on the translation of foreign operations and is impacted by the Premier subsidiaries that have a functional currency of CAD and MXN as discussed in Note 2(f) to the December 31, 2019 audited consolidated financial statements of the Company. The exchange loss for the three months ended December 31, 2019 is $0.6 million compared to a gain of $0.9 million for the prior-year period as a result of a 2.0% strengthening of the CAD to USD rate versus a weakening of 5.1% for 2018. For the year ended December 31, 2019, the exchange loss is $1.6 million compared to a loss of $3.1 million in the prior-year period based on a 13.2% swing in the rate year over year offset by more temperate average exchange rates over the year.

The MXN rate does not impact the exchange gain / (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 months and year ended December 31, 2019 and 2018 respectively.

(in millions of U.S. dollars, unless otherwise stated) (iii)		Three months ended December 31, 2019			Three months ended December 31, 2018		
		Mercedes	South Arturo	Total	Mercedes	South Arturo	Total
Ore & Metals							
Ore milled	*tonnes*	161,914	21,800	183,714	183,158	5,286	188,444
Gold produced	*ounces*	12,274	4,606	16,880	22,465	577	23,042
Silver produced	*ounces*	44,809	691	45,500	119,039	1,691	120,730
Gold sold	*ounces*	13,628	6,281	19,909	14,373	1,280	15,653
Silver sold	*ounces*	46,722	-	46,722	90,135	-	90,135
Average gold grade	*grams/t*	2.49	7.69	-	3.96	4.14	-
Average silver grade	*grams/t*	27.37	-	-	44.78	-	-
Average gold recovery rate	*%*	94.8	85.4	-	96.3	82.2	-
Average silver recovery rate	*%*	31.4	-	-	45.2	-	-
Realized Price							
Average realized gold price (i,ii)	*$/ounce*	1,395	1,462	1,416	1,247	1,279	1,250
Average realized silver price (i,ii)	*$/ounce*	17	-	17	15	-	15
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,244	748	1,087	639	385	619
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,388	846	1,217	808	678	798
Co-product cash costs per ounce of silver sold (i,ii)	*$/ounce*	15	-	15	10	-	10
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	*$/ounce*	17	-	17	13	-	13
By-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,237	748	1,083	609	385	591
By-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,388	846	1,217	795	678	785
Financial Measures							
Gold revenue	*m $*	18.9	9.2	28.1	17.8	1.6	19.4
Silver revenue	*m $*	0.8	-	0.8	0.5	-	0.5
Total revenue	*m $*	19.7	9.2	28.9	18.2	1.6	19.9
Mine operating income / (loss)	*m $*	(3.2)	4.1	1.0	5.3	0.8	6.1
Exploration, evaluation & pre-development expense	*m $*	-	-	-	-	0.2	0.2
Capital							
Total capital expenditures	*m $*	4.4	9.1	13.4	3.1	3.6	6.8
Capital expenditures - sustaining (i,ii)	*m $*	2.0	0.2	2.2	1.6	-	1.6
Capital expenditures - expansionary (i,ii)	*m $*	2.4	8.9	11.3	1.6	3.6	5.2

(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)		Year ended December 31, 2019 Mercedes	South Arturo	Total	Year ended December 31, 2018 Mercedes	South Arturo	Total
Ore & Metals							
Ore milled	*tonnes*	667,723	45,082	712,805	665,522	195,536	861,058
Gold produced	*ounces*	59,901	7,526	67,427	68,719	20,980	89,699
Silver produced	*ounces*	191,306	1,523	192,829	309,165	12,649	321,814
Gold sold	*ounces*	60,774	7,199	67,973	65,760	21,276	87,036
Silver sold	*ounces*	201,374	-	201,374	299,819	-	299,819
Average gold grade	*grams/t*	2.91	6.16		3.34	3.97	
Average silver grade	*grams/t*	26.18	-		35.34	-	
Average gold recovery rate	*%*	95.8	84.2		96.0	84.1	
Average silver recovery rate	*%*	34.0	-		40.9	-	
Realized Price							
Average realized gold price (i,ii)	*$/ounce*	1,319	1,438	1,332	1,251	1,305	1,264
Average realized silver price (i,ii)	*$/ounce*	16	-	16	16	-	16
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,034	692	998	908	419	788
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,263	836	1,218	1,073	478	927
Co-product cash costs per ounce of silver sold (i,ii)	*$/ounce*	12	-	12	10	-	10
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	*$/ounce*	15	-	15	13	-	13
By-product cash costs per ounce of gold sold (i,ii,iii)	*$/ounce*	1,022	692	987	885	419	771
By-product all-in sustaining costs per ounce of gold sold (i,ii,iii)	*$/ounce*	1,260	836	1,215	1,060	478	917
Financial Measures							
Gold revenue	*m $*	80.2	10.4	90.5	81.9	27.8	109.6
Silver revenue	*m $*	3.2	-	3.2	4.2	-	4.2
Total revenue	*m $*	83.4	10.4	93.7	86.1	27.8	113.9
Mine operating income / (loss)	*m $*	(1.2)	4.8	3.6	4.1	12.5	16.5
Exploration, evaluation & pre-development	*m $*	1.3	0.1	1.5	1.3	1.3	2.6
Capital							
Total capital expenditures	*m $*	18.8	27.9	46.7	17.4	8.4	25.9
Capital expenditures - sustaining (i,ii)	*m $*	10.5	0.2	10.7	7.0	-	7.0
Capital expenditures - expansionary (i,ii)	*m $*	8.3	27.7	36.0	10.4	8.4	18.8

(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.

The main driver in the variances from the comparison of the three month and year ended December 31, 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 its commercial production commencement. Mercedes production deceased due to challenges with excessive dilution that drove the grades down.

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

Exploration, Evaluation and Pre-development

The Company has nine properties in various stages of the exploration, evaluation and pre-development phase.

	Three months ended December 31		Years ended December 31	
(in thousands of U.S. dollars) [(i)]	2019	2018	2019	2018
Rahill-Bonanza, Ontario, Canada	4	1	8	29
Hasaga, Ontario, Canada	22	195	90	2,905
Greenstone Gold, Ontario, Canada	4,934	2,107	15,816	8,786
McCoy-Cove, Nevada, USA	679	1,221	4,495	5,161
South Arturo, Nevada, USA	15	173	117	1,294
Goldbanks, Nevada, USA	179	531	571	2,037
Mercedes Mine, Sonora, Mexico	25	57	1,344	1,331
Rye, Nevada, USA	61	23	1,009	60
Rodeo Creek, Nevada, USA	3	3582	51	3582
Other	150	175	594	627
Total	**6,072**	**4,486**	**24,094**	**22,233**

(i) May not add due to rounding

Hasaga

There was no drilling completed at Hasaga during the year 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. Buffalo and Goldshore claims are being evaluated for both near surface lower-grade for open-pit potential as well as at depth higher-grade mineralization. Past and future exploration are aiming to understand the structure that hosted the Howey and Hasaga mines, as well as the continuity of the mineralization to the west.

For 2020 an exploration budget has being assigned to this property, the West Extension area (D-Zone) remains a priority for exploration, with a potential southwest extension of the C-Zone deposit to the west. Holes HMP161 and HMP162 were 500 m step-outs along strike from the C-Zone and intersected respectively 181.0m of 1.21 g/t Au including narrower higher-grade intervals, and 8.0 m of 9.55 g/t Au. Gold mineralization in these holes are associated with minor sulphide-bearing sequences and includes visible gold within common quartz veinlet arrays similar to that in the C-Zone.

Greenstone

Expenditures totalled $10.9 million (CAD$14.2 million) in the fourth quarter (contributed by Centerra on a 100% basis) on a range of project activities. Greenstone achieved the milestone of having fully ratified agreement in principle with three First Nations groups. Key expenditures at Premier's 50% share included agreement payments to the First Nation groups, external engineering on public infrastructure programs and process plant, power plant, surface infrastructure; Project Feasibility Study update, progress on project financing including receiving review report from independent engineer; support permit applications, permit application draft submissions, progress on management monitoring plans, design and report water modelling; legal consultation in reaching agreement with the First Nations groups and operating support to them.

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. Pumping tests were conducted on the two wells in the third and fourth quarters with modeling of the data expected to continue into the first half of 2020.

A McCoy-Cove "Earn-in" agreement was signed with Barrick Gold in December 2017 to explore the claims surrounding the Cove properties, the activity on the property wound down during the second half of the year and the agreement was formally terminated on February 6, 2020.

Goldbanks

There was no drilling completed during the fourth quarter, and based on the compilation of previous drilling results, the option agreement, for exploration on the property, was terminated effective December 26, 2019.

Mercedes

The expensed exploration during the quarter and for the year is related to property administration and includes the concession fees of $0.6 million for the 46 lots covering 70,865 hectares.

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, 2017 [1]	Year ended December 31, 2018	Cumulative to December 31, 2018	Period ending December 31, 2019	Cumulative life of project to date
Rahill-Bonanza, Ontario, Canada	Active	16,448	29	16,477	8	16,485
East Bay, Ontario, Canada	Swap (i)	1,625	-	1,625	-	1,625
PQ North, Ontario, Canada	Swap (i)	9,884	-	9,884	-	9,884
Hasaga, Ontario, Canada	Swap (i)	15,815	2,905	18,720	90	18,810
Brookbank, Ontario, Canada	50% sold (ii)	1,489	-	1,489	-	1,489
Hardrock, Ontario, Canada	50% sold (ii)	96,672	-	96,672	-	96,672
Greenstone Gold, Ontario, Canada	Active (ii)	28,015	8,786	36,801	15,816	52,617
McCoy-Cove, Nevada, USA	Active	43,660	5,161	48,821	4,495	53,316
South Arturo, Nevada, USA	Active	1,938	1,294	3,233	117	3,350
Goldbanks, Nevada, USA	Active	4,725	2,037	6,763	571	7,334
Mercedes Mine, Sonora, Mexico	Active	1,121	1,331	2,451	1,344	3,795
Cristina, Mexico	Inactive (iii)	1,632	-	1,632	-	1,632
Rye, Nevada, USA	Active	-	60	60	1,009	1,068
Rodeo Creek, Nevada, USA	Active	-	4	4	51	55
Other	(iv)	4,464	627	5,091	594	5,685
		227,489	**22,233**	**249,722**	**24,094**	**273,816**

(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 under an option to purchase agreement).
- 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 years below:

(in thousands of U.S. dollars, unless otherwise stated)		2019	2018	2017 as restated [i]
				For the years ended December 31
Revenue				
Gold ounces sold	*ounces*	67,973	87,036	155,727
Revenue	*000 $*	90,529	109,628	194,638
Realized price	*$/ounce*	1,332	1,264	1,254
Silver ounces sold	*ounces*	201,374	299,819	338,831
Revenue	*000 $*	3,221	4,239	5,669
Realized price	*$/ounce*	16	16	17
Total revenue		93,750	113,867	200,308
Cost of goods sold				
Mining cost	*000 $*	70,178	71,763	85,567
Depletion, depreciation and amortization	*000 $*	20,009	25,568	50,730
Total cost of sales		90,187	97,331	136,297
Other operating expenses				
Exploration, evaluation and pre-development	*000 $*	24,094	22,233	26,251
General and administration	*000 $*	9,932	9,528	7,893
Other income / expense				
Gain / (loss) on investments	*000 $*	(25)	(110)	(337)
Gain / (loss) on derivatives	*000 $*	(3,372)	637	(1,127)
Gain on ongoing development commitment	*000 $*	17,209	9,891	5,294
Transaction costs on acquisition of mine	*000 $*	-	-	-
Finance costs	*000 $*	2,800	3,744	8,884

[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").

Production from both sites for most of 2017 accounts for the significantly higher revenue when compared to the two following years were South Arturo production from Phase 2 commenced to decline up to a total halt at the end of 2018, with the last quarter of 2019 seeing an increase in production when the new underground project El Nino commenced commercial production.

The variance in the cost of sales ratio with revenue is correlated with the explanation given above, as the cost per ounce in South Arturo's open pit was very low.

The exploration, evaluation and pre-development expenses have remained relatively the same over the years as the Company is highly committed to their exploration campaigns and the development of the McCoy-Cove and Greenstone projects.

FINANCIAL POSITION

Balance Sheet Review

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

Assets

The increase in cash and cash equivalents of $14.6 million was the net result of various highlight events including the inflows from the finance package entered into on January 31, 2019 totalling $39 million, a significant increase in working capital at December 31, 2019 for accounts payable related to the South Arturo co-ownership for timing of payments of $29.8 million, the sale of royalties in the year for proceeds of $6 million, offset by large capital outlays for exploration and development activity at the South Arturo, Mercedes and McCoy-Cove properties of $52 million and other operating activities of $8.2 million. This is detailed further in the Liquidity and Capital Resources section below.

Receivables had a net decrease of $10.9 million mainly due to collection of value added tax recoverable in Mexico of $6.4 million through working with the Mexican Tax Authority ("SAT"), the receipt of an Alternative Minimum Tax ("AMT") overpayment of $3.9 million.

Inventory increased by $6.2 million mainly with $1.3 million in metal inventory, $3.9 million in ore stockpiles from South Arturo and the remainder in materials and supplies.

Property, plant and equipment increased by $31.5 million during the year with a primary focus on capital investment in sustaining and expansionary capital for Mercedes and South Arturo mines and infrastructure at McCoy-Cove totalling $52 million offset by depletion, depreciation and amortization of $20.7 million and the remainder in capitalized environmental rehabilitation adjustments and foreign currency adjustments.

Liabilities

Accounts payable increased by $34.1 million mainly due to development activities at Greenstone and South Arturo properties and the ongoing cycle they have with contractors and suppliers. The current portion of deferred revenue decreased by $7.4 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 $18.5 million. The current portion of the deferred revenue also decreased as only two quarters remain outstanding on the gold prepay.

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 $19.4 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 1.19:1 decreased from 2.62:1 on December 31, 2018 mainly to the increase of accounts payable and accrued liabilities mentioned above.

Non-current assets increased by $33.0 million including:

- $1.0 million increase in restricted cash and cash equivalents;
- $31.5 million increase in property plant and equipment as discussed above; and
- $1.0 million increase in long term inventory.

Liquidity and Capital Resources

For the year ended December 31, 2019, the Company had cash and cash equivalents of $58.4 million, an increase of $14.6 million from December 31, 2018.

Operating activities generated cash of $23.2 million year to date and includes the following key items:

- $23.6 million from mining operations after adding back non-cash depletion;
- $24.0 million spent in exploration and pre-development activities (offset by the Greenstone Gold development commitment gain of $17.2 million included in other income);
- $13.8 million deducted for non-cash revenue on metal agreements included in operating revenue;
- $9.9 million spent in general and project administration expenditures; and
- $35.6 million increase in working capital mainly due to:
  - Decrease in accounts receivable of $9 million
  - Use of cash from an inventory increase of $5.1 million
  - Increase in accounts payable and accrued liabilities of $34.1 million as explained above;

Investment activities were almost solely related to capital investment of $52.0 million focused on mining and development operations and also include net proceeds from the sale of royalties during the third quarter of $6.0 million.

Financing activities include the credit facility and financing agreement discussed in Note 4 to the audited consolidated financial statements for December 31, 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 $17.5 million on the Investec credit facility.

Liquidity Outlook

	Years ended December 31	
(in thousands of U.S. dollars)	2019	2018
Cash and cash equivalents	58,408	43,882
Working capital	15,509	53,560
Long term debt and deferred revenue	19,370	11,386

Premier funds current exploration, evaluation, pre-development and development expenditures through existing cash and financings. The Company has sufficient funds to manage current projects through 2020 through the credit facility and the financings entered into subsequent to December 31, 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 2021).

Premier periodically funds a portion of its Canadian exploration activities via flow-through share financings. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through shares are renounced to investors in accordance with income tax legislation. New flow-through financing has been entered during the fourth quarter of 2019 for the amount of $3.2 million (CAD $4.1 million) from its 100% owned subsidiary Premier Gold Mines NWO Inc.

Equity

The Company is authorized to issue an unlimited number of common shares of which 210,451,678 were outstanding at December 31, 2019 and 235,212,682 at the date of this report, March 4, 2020 and which includes the equity issued related to the financing activities discussed in the subsequent events Note 30 of the December 31, 2019 audited consolidated financial statements. The Company has 3.5 million warrants issued and outstanding as of December 30, 2019 . Also at December 31, 2019 and March 4, 2020 the Company had outstanding options to purchase an aggregate of 11,914,000 common shares under its share incentive plan with exercise prices ranging from CAD$1.56 to CAD$4.28 per share and expiry dates ranging from March 9, 2020 to September 16, 2024. As of December 31, 2019, there were no unvested stock options (195,000 at December 31, 2018).

As of December 31, 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 year ended December 31, 2019, there were 21,167 RSUs forfeited and 579,666 settled. 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 longhole mining, and longhole 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 December 31		Years ended December 31	
(in millions of U.S. dollars, unless otherwise stated) (iii)		2019	2018	2019	2018
Ore & Metals					
Ore milled	*tonnes*	161,914	183,158	667,723	665,522
Gold produced	*ounces*	12,274	22,465	59,901	68,719
Silver produced	*ounces*	44,809	119,039	191,306	309,165
Gold sold	*ounces*	13,628	14,373	60,774	65,760
Silver sold	*ounces*	46,722	90,135	201,374	299,819
Average gold grade	*grams/t*	2.49	3.96	2.91	3.34
Average silver grade	*grams/t*	27.37	44.78	26.18	35.34
Average gold recovery rate	*%*	94.8	96.3	95.8	96.0
Average silver recovery rate	*%*	31.4	45.2	34.0	40.9
Realized Price					
Average realized gold price (i,ii)	*$/ounce*	1,395	1,247	1,319	1,251
Average realized silver price (i,ii)	*$/ounce*	17	15	16	16
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,244	639	1,034	908
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,388	808	1,263	1,073
Co-product cash costs per ounce of silver sold (i,ii)	*$/ounce*	15	10	12	10
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	*$/ounce*	17	13	15	13
By-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,237	609	1,022	885
By-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,388	795	1,260	1,060
Financial Measures					
Gold revenue	*m $*	18.9	17.8	80.2	81.9
Silver revenue	*m $*	0.8	0.5	3.2	4.2
Total revenue	*m $*	19.7	18.2	83.4	86.1
Mine operating income / (loss)	*m $*	(3.2)	5.3	(1.2)	4.1
Exploration, evaluation & pre-development expense	*m $*	-	-	1.3	1.3
Capital					
Total capital expenditures	*m $*	4.4	3.1	18.8	17.4
Capital expenditures - sustaining (i,ii)	*m $*	2.0	1.6	10.5	7.0
Capital expenditures - expansionary (i,ii)	*m $*	2.4	1.6	8.3	10.4

(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.

Production

Mercedes production for the three months ended December 31, 2019 of 12,274 ounces of gold and 44,809 ounces of silver was lower for both gold and silver, when compared to 22,465 and 119,039 ounces respectively in the prior-year period. The reduction in production is a combination of less mined ore of 27,000 tonnes, 194,000 tonnes in 2018 compared to 166,000 tonnes and lower grades particularly in Rey de Oro where the average grades went down from 6.03 grams/t in 2018 to an average of 4.06 gram/t of Au in 2019. Overall the Au grades went down from 3.34 grams/t in 2018 to 2.91 grams/t in 2019. The improvement plan is ongoing and is intended to address among others, the excessive dilution in certain mines, mine performance and mining sequencing.

For the year ending December 31, 2019, the total tonnage of mined ore was not a factor as the tonnage was very similar with 699,000 tonnes for 2018 and 691,000 for 2019. The main reason for the decrease in production was the impact of the average gold grades that went from 3.34 in 2018 to 2.91 in 2019. The two areas with the most impact were Lupita and Rey de Oro. During 2020 the production will rely less on Rey de Oro tonnage, focus on improved productivity at Lupita and maintenance and improvement of grade at Dilivio.

Sales and Revenue

Gold ounces sold were 13,628 and silver ounces sold were 46,722 for the three months ended December 31, 2019, compared to 14,373 ounces and 90,135 ounces respectively in the prior-year period. Gold revenue of $18.9 million and silver revenue of $0.8 million for the three months ended December 31, 2019 compared to $17.8 million and $0.5 million respectively in the prior-year period were higher mainly to a better average realized gold and silver prices of $1,395 and $17 respectively for 2019 compared to $1,247 and $15 of 2018.

Cash Costs[1]

Co-product cash cost per ounce of gold sold was $1,244 per ounce for the three months ended December 31, 2019 compared to $639 per ounce in the prior-year period. Co-product cash cost per ounce of silver sold was $15 per ounce for the three months ended December 31, 2019 and $10 for the prior-year period. The increment in cash costs over the prior-year period is mainly due to decrease in ounces produced as the total tonnage remained similar as well as the cost per tonne.

Full year co-product cash cost per ounce of gold sold was $1,034 per ounce compared to $908 per ounce in the prior-year. Co-product cash cost per ounce of silver sold was $12 per ounce for the year ended December 31, 2018, up from $10 per ounce in the prior-year. The increase in gold cash costs relative to the prior-year period was primarily driven by lower grades as explained above.

All-in Sustaining Costs[3]

All-in sustaining cost per ounce of gold sold was $1,388 per ounce for the three months ended December 31, 2019 compared to $808 per ounce in the prior-year period. The full year all-in sustaining cost was $1,263 for 2019 and $1,073 for 2018. Lower sales ounces and higher sustaining capital significantly impacted the costs per ounce. The sustaining capital was $3.5 million higher in 2019 compared to 2018 and is further discussed below.

Exploration Activities

The exploration drilling program was finalized in the third quarter of 2019 with no capital expenditures during the fourth quarter. The exploration program will continue in 2020 with a focus on the expansion of high-grade targets that may be upgraded to mineral resources and mineral reserves while also supporting the development of new deposits to increase mining flexibility and productivity. The budget includes testing of the NW-SE major structure and the Diluvio-Lupita basin that hosts San Martin, Lupita Extension and Neo, the main discoveries from 2019. The budget will also explore the potential new deposit type at La Mesa, an extension of Santa Gertrudis deposit on Premier's property
The expensed exploration during the quarter is related to administration.

Capital Expenditures

Capital expenditures were primarily related to underground mine infrastructure and development, being higher in 2019 but similar in quarter over quarter comparison. For the three months ended December 31, 2019, total capital expenditures at Mercedes were $4.4 million and in the prior-year period was $3.1 million. The increase is mainly due to definition drilling done in 2019 compared to 2018.

For the full year, total capital expenditures were $18.8 million in 2019 and $17.4 million in 2018 focusing on underground mine infrastructure and development, as well as exploration and the replacement of old mining equipment. Of the total capital expenditures, $10.5 million was sustaining in nature. The increment in a year over year comparison is mainly a more aggressive definition drilling campaign than in the previous year to address the decrease in grades.

[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:

(in millions of U.S. dollars, unless otherwise stated) (iii)		Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
		Years 2019 and 2018							
Ore & Metals									
Ore milled	tonnes	161,914	159,450	167,588	178,771	183,158	159,608	154,442	168,314
Gold produced	ounces	12,274	14,481	15,532	17,614	22,465	17,465	13,780	15,009
Silver produced	ounces	44,809	37,462	51,354	57,681	119,039	88,390	44,366	57,370
Gold sold	ounces	13,628	13,187	16,440	17,520	14,373	19,534	14,673	17,180
Silver sold	ounces	46,722	35,587	56,484	62,581	90,135	85,376	58,098	66,210
Average gold grade	grams/t	2.49	2.94	3.00	3.18	3.96	3.52	2.90	2.91
Average silver grade	grams/t	27.37	22.60	27.24	27.31	44.78	39.40	23.82	31.78
Average gold recovery rate	%	94.8	95.9	95.9	96.2	96.3	96.6	95.8	95.2
Average silver recovery rate	%	31.4	32.3	35.0	36.8	45.2	43.7	37.5	33.4
Realized Price									
Average realized gold price (i,ii)	$/ounce	1,395	1,382	1,283	1,271	1,247	1,210	1,269	1,287
Average realized silver price (i,ii)	$/ounce	17	17	15	16	15	15	16	17
Non-IFRS Performance Measures									
Co-product cash costs per ounce of gold sold (i,ii)	$/ounce	1,244	1,095	1,053	806	639	904	1,161	921
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	$/ounce	1,388	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	15	14	12	10	10	10	12	11
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	$/ounce	17	17	15	13	13	12	13	13
By-product cash costs per ounce of gold sold (i,ii)	$/ounce	1,237	1,086	1,044	786	609	884	1,142	897
By-product all-in sustaining costs per ounce of gold sold (i,ii)	$/ounce	1,388	1,353	1,252	1,098	795	1,046	1,312	1,081
Financial Measures									
Gold revenue	m $	18.9	18.1	21.0	22.2	17.8	23.5	18.5	22.0
Silver revenue	m $	0.8	0.6	0.8	1.0	0.5	1.5	1.1	1.2
Total revenue	m $	19.7	18.7	21.8	23.1	18.2	25.0	19.6	23.2
Mine operating income / (loss)	m $	(3.2)	(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	-	0.6	-	0.6
Capital									
Total capital expenditures	m $	4.4	3.9	4.5	6.1	3.1	5.5	4.4	4.4
Capital expenditures - sustaining (i,ii)	m $	2.0	1.9	2.4	4.2	1.6	1.9	1.8	1.8
Capital expenditures - expansionary (i,ii)	m $	2.4	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 and was completed more than three months ahead of schedule. 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 December 31		Years ended December 31	
(in millions of U.S. dollars, unless otherwise stated) (iv)		2019	2018	2019	2018
Ore & Metals					
Ore milled	*tonnes*	21,800	5,286	45,082	195,536
Gold produced	*ounces*	4,606	577	7,526	20,980
Gold sold	*ounces*	6,281	1,280	7,199	21,276
Silver produced	*ounces*	691	1,691	1,523	12,649
Average gold grade	*grams/t*	7.69	4.14	6.16	3.97
Average gold recovery rate	*%*	85.4	82.2	84.2	84.1
Realized Price					
Average realized gold price (i,ii)	*$/ounce*	1,462	1,279	1,438	1,305
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	748	385	692	419
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	846	678	836	478
By-product cash costs per ounce of gold sold (i,ii,iii)	*$/ounce*	748	385	692	419
By-product all-in sustaining costs per ounce of gold sold (i,ii,iii)	*$/ounce*	846	678	836	478
Financial Measures					
Gold revenue	*m $*	9.2	1.6	10.4	27.8
Mine operating income	*m $*	4.1	0.8	4.8	12.5
Exploration, evaluation & pre-development expense	*m $*	-	0.2	0.1	1.3
Capital					
Total capital expenditures	*m $*	9.1	3.6	27.9	8.4
Capital expenditures - sustaining (i,ii)	*m $*	0.2	-	0.2	-
Capital expenditures - expansionary (i,ii)	*m $*	8.9	3.6	27.7	8.4

(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 Q4 2019 was 4,606 gold ounces compared to 577 gold ounces for the same period in 2018. The 2019 year to date production was 7,526 gold ounces compared to 20,980 gold ounces in 2018. The higher production in the quarter comparison is due to the commencement of production at El Nino where in the fourth quarter of 2018 only stockpile ounces from Phase 2 were produced. Lower production year to date is due to the winding down of Phase 2 production offset partially by El Nino production that only started in the last quarter of 2019. The break down of the South Arturo gold production for the year ended December 31, 2019 is as follows:

- El Nino underground mine produced 5,402 ounces, classified as commercial production.
- Processing of the low grade stockpile ore remaining from Phase 2 resulted in commercial production of 2,124 ounces.
- There were also 953 ounces 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 7,526 ounces noted above.

Sales and Revenue

Gold ounces sold were 6,281 for the three months ended December 31, 2019, compared to 1,280 ounces in the prior-year period for the reasons noted above. Accordingly, gold revenue was $9.2 million for the three months ended December 31, 2019 compared to $1.6 million in the prior-year period due to changes in volumes and a higher average realized selling price from $1,279 in 2018 to $1,462 in 2019.

Cash Costs[1]

Co-product cash cost per ounce of gold sold was $748 for the three months ended December 31, 2019 compared to $385 in the prior-year period. The main reason to the increase is the change from open pit mining to underground mining. The same effect can be seen for the year comparison with a cash cost per ounce sold of $692 in 2019 and $419 in 2018. On a per tonne basis; the open pit cost per ton mined was $2 and underground ore cost per ton was $138, the processing cost per ton was $20 for 2019. For 2018 was $3.44, $125 and $22 respectively.

All-in Sustaining Costs[1]

All-in sustaining cost per ounce of gold sold was $846 for the three months ended December 31, 2019 compared to $678 in the prior-year period.

Full year 2019 cost per ounce of gold sold was $836 as compared to $478 in the prior year. The increase in costs reflects the mining transition as explained above.

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.

Capital Expenditures

Capital expenditures were $9.1 million for the three months ended December 31, 2019 and $27.9 million 2019 year to date. The capital spend for 2019 was primarily for stripping of the Phase 1 open pit at $17.8 million, $5.5 million for underground development at El Nino and $4.4 million in equipment. This compares to $3.6 million for the fourth quarter of 2018 and $8.4 million for the twelve months of 2018, related to stripping activities for Phase 1.

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)		Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Ore & Metals									
Ore milled	*tonnes*	21,800	14,835	8,447	-	5,286	21,334	23,379	145,536
Gold produced	*ounces*	4,606	2,003	918	-	577	2,635	2,227	15,541
Gold sold	*ounces*	6,281	-	918	-	1,280	1,932	5,969	12,095
Silver produced	*ounces*	691	394	438	-	1,691	1,122	7,380	2,456
Average gold grade	*grams/t*	7.69	5.09	4.10	-	4.14	4.48	3.58	3.95
Average gold recovery rate	*%*	85.4	82.4	82.5	-	82.2	85.7	82.8	84.1
Realized Price									
Average realized gold price (i,ii)	*$/ounce*	1,462	-	1,271	-	1,279	1,200	1,318	1,317
Non-IFRS Performance Measures									
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	748	-	308	-	385	396	475	398
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	846	-	768	-	678	498	506	439
By-product cash costs per ounce of gold sold (i,ii,iii)	*$/ounce*	748	-	308	-	385	396	475	398
By-product all-in sustaining costs per ounce of gold sold (i,ii,iii)	*$/ounce*	846	-	768	-	678	498	506	439
Financial Measures									
Gold revenue	*m $*	9.2	-	1.2	-	1.6	2.3	7.9	15.9
Mine operating income	*m $*	4.1	-	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 $*	9.1	8.3	5.9	4.6	3.6	2.8	1.6	0.5
Capital expenditures - sustaining (i,ii)	*m $*	0.2	-	-	-	-	-	-	-
Capital expenditures - expansionary (i,ii)	*m $*	8.9	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. 2017 silver output re-stated.

(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**.**

(in thousands of U.S. dollars) [(i)]	Years ended December 31, 2019	2018
Northern Empire Mill, Ontario, Canada	1,532	1,380
Hasaga, Ontario, Canada	214	167
McCoy-Cove, Nevada, USA	4,068	3,500
South Arturo, Nevada, USA	3,159	3,973
Mercedes, Sonora, Mexico	11,016	12,375
	19,989	**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 was 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 monitoring. Changes in the provision also include accretion and an updated risk-free discount rate. The McCoy-Cove reclamation obligation is in 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 which will not commence reclamation for several years. That portion of the 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 tailings dam. 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.

Contractual Obligations and Commitments

The following is a summary of the commitments of the Company at December 31, 2019:

							As at December 31, 2018
(in thousands of U.S. dollars) as restated (i)	2019	2020	2021	2022	2023	2024 and later	Total
Contracts and operating leases	1,912	347	21	3	2	-	2,285
Debt repayment	-	-	-	-	-	-	-
Exploration expenditure commitment - Rye Vein project	3,000	-	-	-	-	-	3,000
Provisions for environmental rehabilitation (i)	210	41	542	4,290	2,174	19,090	26,347
	5,122	**388**	**563**	**4,293**	**2,176**	**19,090**	**31,632**

(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.

Surety Bonds

At December 31, 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 December 31, 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 $7.3 million were spent as of December 31, 2019. On December 26, 2019 the agreement was terminated in accordance with its terms.

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 December 31		Years ended December 31	
(in thousands of U.S. dollars)	2019	2018	2019	2018
Salary, wages and benefits	772	1,830	2,528	3,804
Share-based payments	5	-	2,465	1,661
	777	**1,830**	**4,993**	**5,465**

Directors remuneration includes the following amounts:

	Three months ended December 31		Years ended December 31	
(in thousands of U.S. dollars)	2019	2018	2019	2018
Fees earned and other remuneration	222	59	563	249
Share-based payments	-	-	181	399
	222	**59**	**744**	**648**

Litigation and Claims

Share purchase transaction

Yamana Gold Inc. and certain of its affiliates (collectively, "Yamana") have commenced a claim against the Company and certain of its affiliates (collectively, "Premier") in connection with a share purchase transaction that closed on September 30, 2016, whereby Premier acquired Yamana's interest in a gold mining project known as the Mercedes Mine. The claim relates to certain post-closing adjustments, which resulted in Yamana being required to pay Premier USD$1.26 million. Yamana alleges that Premier was unjustly enriched, but for which Premier would have been required to pay Yamana a post-closing adjustment of USD$4.6 million. Premier has filed a Statement of Defence denying any liability and counterclaiming against Yamana for the USD$1.26 million post-closing adjustment that Yamana has refused to pay. The parties have exchanged documentary productions and are scheduled to complete examinations for discovery by May 15, 2020.

Management considers the claim against the Company without merit. After detailed analysis of the facts and support documentation, the Company believes it has a strong case against the claim.

2019 Hardrock project update

On December 23, 2019, Aurico Canadian Royalty Holdings Inc., ("AuRico") a wholly-owned subsidiary of Centerra Gold Inc. ("Centerra"), commenced a claim against Premier Gold Mines Hardrock Inc. ("Premier Hardrock") in the Ontario Superior Court of Justice. Premier Hardrock and AuRico are parties to a limited partnership agreement dated March 9, 2015, which provides for the exploration and development of the Hardrock Project. The Claim seeks, among other things, a declaration that the 2019 Hardrock project update submitted by the managing partner of the partnership, Greenstone Gold Mines GP Inc., should not be considered a "Feasibility Study" or satisfy the "Feasibility Criteria", as those terms are defined in the Partnership Agreement.

Premier Hardrock served a statement of defence and counterclaim on January 31, 2020. In its defence, Premier Hardrock has asked the court to dismiss the Claim, and in its counterclaim, Premier Hardrock has asked the court to, among other things, declare that the Hardrock Update was a Feasibility Study that meets agreed criteria, and would require both partners to proceed with the development of the Hardrock Project. Pleadings are scheduled to close by February 29, 2020, and a one-week trial has been scheduled to begin on October 25, 2020. The parties have not sought damages in the claim or the counterclaim, and have agreed to defer any claim to damages until after the determination of this matter. Management considers the claim against the Company without merit.

Republic Metals Corporation

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 dore ("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 oz 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. The Company believes it has a strong claim to the ownership of the material.

SUBSEQUENT EVENTS

Public Offering

On March 4, 2020, the Company completed a public offering of common shares ("Common Shares") led by CIBC Capital Markets and Sprott Capital Partners LP, on behalf of a syndicate of underwriters that also included BMO Nesbitt Burns Inc., Scotia Capital Inc., Canaccord Genuity Corp., RBC Dominion Securities Inc., Cormark Securities Inc. and TD Securities Inc. (collectively, the "Underwriters"). An aggregate of 25,335,000 Common Shares were issued by the Company at a price of C$1.50 per Common for aggregate gross proceeds of C$38.0 million (the "Offering").

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

In connection with the Offering, the Company paid the Underwriters a cash commission equal to 5% of the aggregate purchase price paid by the Underwriters to the Company for the Common Shares, except in respect of the purchase by Orion (defined herein), pursuant to which the cash commission was reduced to 2.5%.

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

Transaction with Orion

Concurrent with the Offering, the Company completed certain financing arrangements with Orion that includes (i) an amended and restated gold prepay credit agreement (the "Second Amended and Restated Gold Prepay Agreement"), amending and restating the existing amended and restated gold prepay credit agreement dated January 31, 2019 (the "Existing Prepay"), and (ii) an amended and restated offtake agreement (the "Second Amended and Restated Offtake Agreement"), amending and restating the amended and restated offtake agreement dated January 31, 2019 (the "Existing Offtake").

Under the terms of the Second Amended and Restated Gold Prepay Agreement, Orion increased the principal amount under the Existing Prepay by $15.5 million (the "Additional Principal Amount"), with the Company being required to deliver at least 2,450 ounces of refined gold to Orion in each quarter of a calendar year until June 30, 2020, and 1,000 ounces of refined gold thereafter until an aggregate of 16,900 ounces of refined gold (inclusive of the ounces remaining under the Existing Prepay) have been delivered to Orion (subject to upward and downward adjustments in certain circumstances). The threshold gold price per ounce for the downward and upward adjustments to the quarterly gold quantity and the aggregate gold quantity deliverable under the Second Amended and Restated Gold Prepay Agreement were amended to $1,650 per ounce of gold and $1,350 per ounce of gold, respectively. The maturity date under the Amended and Restated Gold Prepay Agreement was extended to June 30, 2023.

The Additional Principal Amount will be used for working capital requirements of the Mercedes and South Arturo mines and for general working capital and corporate purposes. The Company's obligations under the Second Amended and Restated Gold Prepay Agreement will continue to be secured by the assets relating to the South Arturo Mine and Mercedes Mine. The Additional Principal Amount was also subject to an original issue discount of $.16 million.

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

The Company also entered into a first amending agreement (the "Investec Amendment") with Investec Bank plc ("Investec"), amending certain provisions contained in the credit agreement dated January 24, 2019 between the Company and Investec (the "Investec Credit Agreement"). Pursuant to the terms of the Investec Amendment, the Company has agreed that total accommodations available under the Investec Credit Agreement shall, absent the consent of Investec, be capped at $40.0 million with conditions to borrowing when the aggregate principal amount outstanding under the Investec Credit Agreement is in excess of $15.0 million. In addition, the Company entered into a zero cost collar hedge arrangement with Investec pursuant to the risk management facility for 25,000 ounces of gold allocated over a 12-month period commencing April 1, 2020 with puts at $1,500 per ounce and calls at $1,800 per ounce.

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 audited consolidated 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.

Application of Variable Consideration Constraint in Silver Stream Agreement

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

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, including the offtake agreement entered into during the period, 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. The Company has used a discounted cash flow analysis for the offtake agreement, incorporating key assumptions for the production to be delivered under the offtake agreement, expected metal prices and discount to metal prices during the quotational period, 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 either in connection with a private placement or as purchase consideration in a business combination that, 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 in conjunction with the acquisition of the Mercedes Mine and as further discussed in Note 11 of these consolidated financial statements.

The upfront payment for the gold prepay facility with Orion has been accounted for as deferred revenue as management has determined that the agreement is not a derivative as it will be satisfied through the delivery of non-financial items (i.e. gold commodity from the Company's production), rather than cash or financial assets.

The upfront payment for the silver stream arrangement has also been accounted for as deferred revenue, as management has determined that the agreement is not a derivative as it will be satisfied through the delivery of non-financial items (i.e. silver commodity from the Company's production), rather than cash or financial assets.

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 which are included in the consolidated statements of financial position and related depreciation included in the consolidated statements of income / (loss) and comprehensive income / (loss); 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.

Free cash flow is calculated as cash flow from operating activities less capital expenditures.

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 it's 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 of the net earnings, net earnings per share, adjusted net earnings and adjusted net earnings per share for the three months and year ended December 31, 2019 and 2018:

	Three months ended December 31		Years ended December 31	
(in thousands of U.S. dollars unless otherwise indicated)	2019	2018	2019	2018
Net loss	(4,882)	(8,908)	(19,952)	(20,426)
Other expense adjustments	-	8,260	-	8,260
Adjusted Net Loss (i)	**(4,882)**	**(648)**	**(19,952)**	**(12,166)**
Net loss per share	(0.02)	(0.04)	(0.10)	(0.10)
Adjusted net loss per share	(0.02)	(0.00)	(0.10)	(0.06)

(i) Adjusted net loss and adjusted net loss per share are non-IFRS performance measures. For more information, see the "Non-IFRS Measures" section of the 2019 Management's Discussion & Analysis.

The following table provides a reconciliation of the EBITDA and Adjusted EBITDA for the three months and year ended December 31, 2019 and 2018:

	Three months ended December 31		Years ended December 31	
(in thousands of U.S. dollars)	2019	2018	2019	2018
Loss for the period	(4,882)	(8,908)	(19,952)	(20,426)
Depreciation	5,813	3,285	20,725	25,867
Interest	682	37	2,330	3,065
Taxes	907	188	1,320	829
EBITDA (i)	**2,520**	**(5,398)**	**4,423**	**9,335**
Other expense adjustment	-	8,260	-	8,260
Adjusted EBITDA (i)	**2,520**	**2,862**	**4,423**	**17,595**

(i) EBITDA and Adjusted EBITDA are non-IFRS performance measures. For more information, see the "Non-IFRS Measures" section of the 2018 Management's Discussion & Analysis.

The following table provides a reconciliation on a co-product basis for cash cost and AISC cost for the three months ended December 31, 2019:

For the three months ended December 31, 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	16,856	1,237	4,710	750	21,566	1,083	719	15	22,285
Depletion, depreciation and amortization	5,065	372	344	55	5,409	272	216	5	5,625
Total cost of sales	**21,921**	**1,609**	**5,054**	**805**	**26,976**	**1,355**	**935**	**20**	**27,910**
Depletion, depreciation and amortization	(5,065)	(372)	(344)	(55)	(5,409)	(272)	(216)	(5)	(5,625)
Royalty tax	117	9	-	-	117	6	5	0	122
Other costs (ii)	(24)	(2)	(10)	(2)	(34)	(2)	(1)	(0)	(35)
Cash cost : co-product	**16,949**	**1,244**	**4,700**	**748**	**21,649**	**1,087**	**723**	**15**	**22,372**
General and administrative	(156)	(11)	378	60	222	11	(7)	(0)	215
Rehabilitation - accretion and amortization	222	16	53	8	275	14	9	0	285
Sustaining capital expenditures	1,883	138	192	31	2,075	104	80	2	2,156
Sustaining exploration and evaluation expense	24	2	(9)	(2)	14	1	1	0	15
All-in sustaining cost : co-product	**18,921**	**1,388**	**5,315**	**846**	**24,236**	**1,217**	**807**	**17**	**25,042**
Total ounces produced		**12,274**		**4,606**		**16,880**		**44,809**	
Total ounces sold (iii)		**13,628**		**6,281**		**19,909**		**46,722**	

(i) Results may not add due to rounding

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

(iii) South Arturo is in development phase

The following table provides a reconciliation on a co-product basis for cash cost and AISC cost for the three months ended December 31, 2018:

For the three months ended December 31, 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	9,158	637	529	413	9,687	619	895	10	10,582
Depletion, depreciation and amortization	2,630	183	347	271	2,977	190	257	3	3,234
Total cost of sales	**11,788**	**820**	**876**	**684**	**12,664**	**809**	**1,152**	**13**	**13,815**
Depletion, depreciation and amortization	(2,630)	(183)	(347)	(271)	(2,977)	(190)	(257)	(3)	(3,234)
Royalty tax	121	8	-	-	121	8	12	0	133
Other costs (ii)	(91)	(6)	(36)	(28)	(126)	(8)	(9)	(0)	(135)
Cash cost : co-product	**9,188**	**639**	**493**	**385**	**9,682**	**619**	**898**	**10**	**10,579**
General and administrative	477	33	305	238	782	50	47	1	829
Rehabilitation - accretion and amortization	448	31	34	26	482	31	44	0	525
Sustaining capital expenditures	1,454	101	-	-	1,454	93	142	2	1,596
Sustaining exploration and evaluation expense	52	4	36	28	88	6	5	0	93
All-in sustaining cost : co-product	**11,619**	**808**	**868**	**678**	**12,487**	**798**	**1,135**	**13**	**13,622**
Total ounces produced		**22,465**		**577**		**23,042**		**119,039**	
Total ounces sold (iii)		**14,373**		**1,280**		**15,653**		**90,135**	

(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 cost for the year ended December 31, 2019:

For the year ended December 31, 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	62,645	1,031	5,027	698	67,672	996	2,507	12	70,178
Depletion, depreciation and amortization	18,734	308	523	73	19,257	283	751	4	20,009
Total cost of sales	**81,380**	**1,339**	**5,549**	**771**	**86,929**	**1,279**	**3,258**	**16**	**90,187**
Depletion, depreciation and amortization	(18,734)	(308)	(523)	(73)	(19,257)	(283)	(751)	(4)	(20,009)
Royalty tax	429	7	-	-	429	6	17	0	447
Other costs [ii]	(232)	(4)	(44)	(6)	(276)	(4)	(10)	(0)	(286)
Cash cost : co-product	**62,842**	**1,034**	**4,983**	**692**	**67,825**	**998**	**2,514**	**12**	**70,340**
General and administrative	1,429	24	650	90	2,079	31	53	0	2,132
Rehabilitation - accretion and amortization	1,077	18	109	15	1,186	17	44	0	1,230
Sustaining capital expenditures	10,102	166	192	27	10,295	151	411	2	10,706
Sustaining exploration and evaluation expense	1,293	21	86	12	1,380	20	50	0	1,430
All-in sustaining cost : co-product	**76,745**	**1,263**	**6,020**	**836**	**82,765**	**1,218**	**3,072**	**15**	**85,837**
Total ounces produced		**59,901**		**7,526**		**67,427**		**191,306**	
Total ounces sold [iii]		**60,775**		**7,199**		**67,974**		**201,374**	

[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 cost for the year ended December 31, 2018:

For the year ended December 31, 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	59,603	906	9,019	424	68,622	788	3,140	10	71,763
Depletion, depreciation and amortization	18,364	279	6,253	294	24,617	283	951	3	25,568
Total cost of sales	**77,967**	**1,186**	**15,273**	**718**	**93,239**	**1,071**	**4,091**	**14**	**97,331**
Depletion, depreciation and amortization	(18,364)	(279)	(6,253)	(294)	(24,617)	(283)	(951)	(3)	(25,568)
Royalty tax	419	6	-	-	419	5	25	0	444
Other costs [ii]	(321)	(5)	(111)	(5)	(432)	(5)	(19)	(0)	(452)
Cash cost : co-product	**59,700**	**908**	**8,908**	**419**	**68,608**	**788**	**3,146**	**10**	**71,755**
General and administrative	1,347	20	649	30	1,996	23	85	0	2,081
Rehabilitation - accretion and amortization	1,583	24	482	23	2,066	24	94	0	2,160
Sustaining capital expenditures	6,666	101	0	0	6,666	77	374	1	7,040
Sustaining exploration and evaluation expense	1,269	19	120	6	1,388	16	62	0	1,450
All-in sustaining cost : co-product	**70,565**	**1,073**	**10,160**	**478**	**80,725**	**927**	**3,762**	**13**	**84,487**
Total ounces produced		**68,719**		**20,980**		**89,699**		**309,165**	
Total ounces sold [iii]		**65,760**		**21,276**		**87,036**		**299,819**	

[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 December 31, 2019:

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

	For the three months ended December 31, 2019					
	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	17,575	1,290	4,710	750	22,285	1,119
Depletion, depreciation and amortization	5,281	388	344	55	5,625	283
Total cost of sales	**22,856**	**1,677**	**5,054**	**805**	**27,910**	**1,402**
Depletion, depreciation and amortization	(5,281)	(388)	(344)	(55)	(5,625)	(283)
Royalty tax	122	9	-	-	122	6
By-product credits	(812)	(60)	-	-	(812)	(41)
Other costs [ii]	(25)	(2)	(10)	(2)	(35)	(2)
Cash cost : by-product	**16,860**	**1,237**	**4,700**	**748**	**21,560**	**1,083**
General and administrative	(163)	(12)	378	60	215	11
Rehabilitation - accretion and amortization	231	17	53	8	285	14
Sustaining capital expenditures	1,963	144	192	31	2,156	108
Sustaining exploration and evaluation expense	25	2	(9)	(2)	15	1
All-in sustaining cost : by-product	**18,916**	**1,388**	**5,315**	**846**	**24,231**	**1,217**
Total gold ounces produced		**12,274**		**4,606**		**16,880**
Total ounces sold [iii]		**13,628**		**6,281**		**19,909**

[i] Results may not add due to rounding
[ii] General and administrative expenses that align with all-in sustaining costs
[iii] South Arturo is in development phase

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the three months ended December 31, 2018:

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

	For the three months ended December 31, 2018					
	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	10,053	699	529	413	10,582	676
Depletion, depreciation and amortization	2,887	201	347	271	3,234	207
Total cost of sales	**12,940**	**900**	**876**	**684**	**13,815**	**883**
Depletion, depreciation and amortization	(2,887)	(201)	(347)	(271)	(3,234)	(207)
Royalty tax	133	9	-	-	133	8
By-product credits	(1,332)	(93)	-	-	(1,332)	(85)
Other costs [ii]	(100)	(7)	(36)	(28)	(135)	(9)
Cash cost : by-product	**8,754**	**609**	**493**	**385**	**9,247**	**591**
General and administrative	523	36	305	238	829	53
Rehabilitation - accretion and amortization	492	34	34	26	525	34
Sustaining capital expenditures	1,596	111	-	-	1,596	102
Sustaining exploration and evaluation expense	57	4	36	28	93	6
All-in sustaining cost : by-product	**11,423**	**795**	**868**	**678**	**12,291**	**785**
Total gold ounces produced		**22,465**		**577**		**23,042**
Total gold ounces sold		**14,373**		**1,280**		**15,653**

[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 year ended December 31, 2019:

	For the year ended December 31, 2019					
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	65,152	1,072	5,027	698	70,178	1,032
Depletion, depreciation and amortization	19,486	321	523	73	20,009	294
Total cost of sales	**84,638**	**1,393**	**5,549**	**771**	**90,187**	**1,327**
Depletion, depreciation and amortization	(19,486)	(321)	(523)	(73)	(20,009)	(294)
Royalty tax	447	7	-	-	447	7
By-product credits	(3,236)	(53)	-	-	(3,236)	(48)
Other costs (ii)	(242)	(4)	(44)	(6)	(286)	(4)
Cash cost : by-product	**62,121**	**1,022**	**4,983**	**692**	**67,104**	**987**
General and administrative	1,482	24	650	90	2,132	31
Rehabilitation - accretion and amortization	1,121	18	109	15	1,230	18
Sustaining capital expenditures	10,514	173	192	27	10,706	158
Sustaining exploration and evaluation expense	1,344	22	86	12	1,430	21
All-in sustaining cost : by-product	**76,581**	**1,260**	**6,020**	**836**	**82,602**	**1,215**
Total gold ounces produced		**59,901**		**7,526**		**67,427**
Total ounces sold		**60,775**		**7,199**		**67,974**

(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 year ended December 31, 2018:

	For the year ended December 31, 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	62,743	954	9,019	424	71,763	825
Depletion, depreciation and amortization	19,314	294	6,253	294	25,568	294
Total cost of sales	**82,058**	**1,248**	**15,273**	**718**	**97,331**	**1,118**
Depletion, depreciation and amortization	(19,314)	(294)	(6,253)	(294)	(25,568)	(294)
Royalty tax	444	7	-	-	444	5
By-product credits	(4,653)	(71)	-	-	(4,653)	(53)
Other costs (ii)	(341)	(5)	(111)	(5)	(452)	(5)
Cash cost : by-product	**58,193**	**885**	**8,908**	**419**	**67,102**	**771**
General and administrative	1,432	22	649	30	2,081	24
Rehabilitation - accretion and amortization	1,678	26	482	23	2,160	25
Sustaining capital expenditures	7,040	107	0	0	7,040	81
Sustaining exploration and evaluation expense	1,331	20	120	6	1,450	17
All-in sustaining cost : by-product	**69,674**	**1,060**	**10,160**	**478**	**79,834**	**917**
Total gold ounces produced		**68,719**		**20,980**		**89,699**
Total gold ounces sold		**65,760**		**21,276**		**87,036**

(i) Results may not add due to rounding

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

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, 2019.

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 2020.

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 December 31, 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.

DISCLOSURE FOR COMPANIES OPERATING IN EMERGING MARKETS

Corporate Governance and Internal Controls

The Company has implemented a system of corporate governance, internal controls over financial reporting and disclosure controls and procedures that apply at all levels of the Company and its wholly-owned subsidiaries, including its foreign subsidiaries in emerging jurisdictions, such as Mexico (the "Mexican Subsidiaries"). These systems are overseen by the Company's board of directors, and implemented by the Company's senior management in various ways.

Due to the risks inherent in mineral production, the Company holds each of its material properties in a separate corporate entity (through local subsidiary companies in foreign jurisdictions). The Company controls the Mexican Subsidiaries by virtue of corporate oversight and by its ownership of 100% of the shares issued by such entities. The Company's management has the power to instruct the Mexican Subsidiaries' officers to pursue business activities in accordance with the Company's objectives, and the Company has a legal right, as a shareholder, to require the officers of each of the Mexican Subsidiaries to comply with their fiduciary obligations. As a result, management of the Company can effectively align its business objectives with those of the Mexican Subsidiaries and implement such objectives at the subsidiary level.

In addition, the board of directors of the Company, through its corporate governance practices, regularly receives management and technical updates and progress reports in connection with the Mexican Subsidiaries. Certain of the Company's officers visit the Mercedes Mine and come into contact with local employees, government officials and business persons on a regular basis, and such interactions enhance the visiting officers' knowledge of local culture and business practices. The Company also takes steps to ensure that in-person communication is a priority.

Subject to applicable local corporate laws and the respective constating documents of each of the Mexican Subsidiaries, the Company may remove directors of the Mexican Subsidiaries from office either by way of a resolution duly passed by the Company at a shareholders' meeting or by way of a unanimous shareholders' written resolution.

Financial Controls and Procedures

The Company maintains internal control over financial reporting with respect to its operations in emerging jurisdictions by taking various measures. The Company's Executive Chairman has experience in conducting business in Mexico, including international corporate finance and mergers and acquisitions experience in Mexico. A senior member of the Company's finance team is a former Mexican national and is fluent in both Spanish and English. He is currently located in the Company's head office and was previously a senior member of the finance team at the Mercedes Mine prior to the purchase by the Company.

The difference in cultures and practices between Canada and Mexico is addressed by employing competent staff in Canada and Mexico who are familiar with the local laws, business culture and standard practices, have local language proficiency, are experienced in dealing with the respective government authorities, and have experience and knowledge of the local banking systems and treasury requirements. The bank accounts relating to the Mexican Subsidiaries are held in banks that are affiliates of Canadian based banks.

The annual budget, capital investment and mining activities in respect of the Mercedes Mine are established by the Company in consultation with the operating team in Mexico. In addition, the Company has local counsel in Mexico and tax advisors relating to the Mexican operations.

Each of these factors facilitate better understanding and oversight of the Company's operations in the foreign jurisdictions in the context of internal controls over financial reporting.

With respect to the flow of funds, sales and marketing of precious metals are completed at the Company level, with cash from such sales going to the Company directly, and the Mexican Subsidiaries completing the delivery of such precious metals to the end buyer. As a result of this arrangement, funds flow downward from the Company to the Mexican Subsidiaries in order to fund operating and capital expenditures. Accordingly, funds are very rarely transferred from the Mexican Subsidiaries upwards to the Company.

MANAGEMENT’S REPORT ON INTERNAL CONTROLS

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the President and Chief Executive Officer (“CEO”) and the Executive Vice President and Chief Financial Officer (“CFO”), as appropriate to permit timely decisions regarding public disclosure.

The Corporation’s management, including the CEO and CFO, have as at December 31, 2019, designed Disclosure Controls and Procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators), or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the issuer is made known to them by others, particularly during the period in which the interim or annual filings are being prepared; and information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Control over Financial Reporting

The Corporation’s management, including the CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. 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 IFRS.

The Corporation’s management, including the CEO and CFO, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed.

Management used the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Company's internal controls for the year ended December 31, 2019. Based on this evaluation, management concluded that the Company's internal control over financial reporting was designed and operating effectively as at December 31, 2019 to provide reasonable assurance the financial information is recorded, processed, summarized and reported in a timely manner.

Due to its inherent limitations, internal controls over financial reporting and disclosure may not prevent or detect all misstatements. Management will continue to monitor the effectiveness of its internal control over financial reporting and disclosure controls and procedures and may make modifications from time to time as considered necessary.

There have been no changes in the Company's internal control over financial reporting during the three months and year ended December 31, 2019, that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MINERAL RESERVES AND RESOURCES

Summary of 2018 Proven and Probable Reserves for Gold and Silver

GOLD (Au)	PROVEN RESERVES			PROBABLE RESERVES			PROVEN+PROBABLE RESERVES		
PROPERTY	Tonnes Mt	Grade g/t	Ounces 000's	Tonnes Mt	Grade g/t	Ounces 000's	Tonnes Mt	Grade g/t	Ounces 000's
Greenstone (Hardrock) [1]	-	-	-	70.85	1.02	2,324	70.85	1.02	2,324
Mercedes [2]	0.19	9.01	56	3.19	3.31	339	3.38	3.63	395
South Arturo [3]	1.51	3.20	155	1.34	2.79	120	2.84	3.01	275
TOTAL	1.70	3.87	211	75.38	1.15	2,783	77.08	1.21	2,994

SILVER (Ag)	PROVEN RESERVES			PROBABLE RESERVES			PROVEN+PROBABLE RESERVES		
PROPERTY	Tonnes Mt	Grade g/t	Ounces 000's	Tonnes Mt	Grade g/t	Ounces 000's	Tonnes Mt	Grade g/t	Ounces 000's
Greenstone (Hardrock) [1]	-	-	-	-	-	-	-	-	-
Mercedes [2]	0.19	80.97	503	3.19	21.67	2,222	3.38	25.05	2,725
South Arturo [3]	-	-	-	-	-	-	-	-	-
TOTAL	0.19	80.97	503	3.19	21.67	2,222	3.38	25.05	2,725

Summary of 2018 Mineral Resources for Gold and Silver (exclusive of mineral reserves)

GOLD (Au)	MEASURED RESOURCES			INDICATED RESOURCES			M+I RESOURCES			INFERRED RESOURCES		
PROPERTY	Tonnes Mt	Grade g/t	Ounces 000's	Tonnes Mt	Grade g/t	Ounces 000's	Tonnes Mt	Grade g/t	Ounces 000's	Tonnes Mt	Grade g/t	Ounces 000's
Greenstone [1]	2.03	1.07	70	18.38	2.27	1,340	20.41	2.15	1,410	13.68	3.09	1,360
Mercedes [2]	0.25	3.32	27	3.00	3.41	329	3.25	3.40	356	1.72	4.18	231
South Arturo [3]	2.40	1.06	81	6.82	1.03	228	9.22	1.03	309	0.76	1.30	32
McCoy-Cove [4]	-	-	-	0.95	11.22	342	0.95	11.22	342	3.66	11.24	1,322
Hasaga [5]	-	-	-	42.29	0.83	1,124	42.29	0.83	1,124	25.14	0.78	631
TOTAL	4.68	1.18	178	71.44	1.46	3,363	76.12	1.45	3,541	44.96	2.47	3,576

SILVER (Ag)	MEASURED RESOURCES			INDICATED RESOURCES			M+I RESOURCES			INFERRED RESOURCES		
PROPERTY	Tonnes Mt	Grade g/t	Ounces 000's	Tonnes Mt	Grade g/t	Ounces 000's	Tonnes Mt	Grade g/t	Ounces 000's	Tonnes Mt	Grade g/t	Ounces 000's
Greenstone [1]	-	-	-	-	-	-	-	-	-	-	-	-
Mercedes [2]	0.25	51.23	417	3.00	36.94	3,564	3.25	38.05	3,981	1.72	36.11	1,997
South Arturo [3]	-	-	-	-	-	-	-	-	-	-	-	-
McCoy-Cove [4]	-	-	-	0.95	29.53	900	0.95	29.53	900	3.66	20.89	2,457
Hasaga [5]	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	0.25	51.23	417	3.95	35.16	4,464	4.20	36.13	4,881	5.38	25.76	4,454

(1) **GREENSTONE GOLD**: Mineral reserves and resources were calculated at a gold price of US$1250 and US$1320 respectively. The current independent technical report on the property, dated December 21, 2016, is entitled “Hardrock Project, Ontario, Canada” was completed by G Mining Services Inc.

(2) **MERCEDES**: For 2018, mineral reserves and mineral resources were calculated under the supervision of Stephen McGibbon, Executive Vice-President of Project & Corporate Development at Premier Gold Mines Ltd at gold prices of US$1200 and US$1400 and silver prices of US$16.50 and US$19.25 respectively. The independent technical report on the property dated April 18, 2018, entitled “TECHNICAL REPORT ON THE MERCEDES GOLD-SILVER MINE, SONORA STATE, MEXICO” provides detail on resource estimate methodologies and assumptions.

(3) **SOUTH ARTURO**: Calculations have been prepared by employees of Barrick under the supervision of Rick Sims, Vice President, Resources and Reserves, of Barrick, Geoffrey Locke, Manager, Metallurgy, of Barrick and Mike Tsafaras, P. Eng., Manager, Value Realization of Barrick. Except as noted below, reserves have been estimated based on an assumed gold price of US$1,200 per ounce, an assumed silver price of US$16.50 per ounce

(4) **McCOY-COVE**: Mineral resources at Cove were estimated using a gold price of US$1400 per ounce. One ounce of gold is equivalent to 140 ounces of silver. The current independent technical report on the property, dated June 29, 2018, is entitled “PRELIMINARY ECONOMIC ASSESSMENT FOR THE COVE PROJECT, LANDER COUNTY, NEVADA” and was completed by Practical Mining LLC

(5) **HASAGA**: Mineral resources at Hasaga were estimated using a gold price of US$1400 per ounce. The current independent technical report on the property, dated February 24, 2017, is entitled “NATIONAL INSTRUMENT 43-101 TECHNICAL REPORT: HASAGA PROJECT, RED LAKE MINING DISTRICT, ONTARIO, CANADA, NTS MAP SHEETS 52K/13 AND 52 N/04” and was completed by MRB and Associates.

2019 Final Reserves and Resources continue under review at time of issue of this report.

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
March 4, 2020