Management's Discussion and Analysis

For the Quarter ended March 31, 2020

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

The following Management's Discussion and Analysis ("MD&A") of Premier Gold Mines Limited (the "Company" or "Premier") should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020 and the notes thereto. The Company's unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise stated, all amounts discussed herein are denominated in U.S. dollars. This MD&A was prepared as of May 5, 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.

First Quarter Operating and Financial Highlights

- Production of 18,317 ounces of gold and 52,832 ounces of silver
- Sales of 14,992 ounces of gold at an average realized price[1] of $1,474 per ounce
- Cash costs[1] of $1,173 per ounce of gold sold
- AISC[1] of $1,584 per ounce of gold sold
- Revenue of $22.7 million
- Mine operating loss of $0.5 million
- Net loss of $11.9 million
- Cash balance of $66.4 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 March 31 2020	2019
Ore milled	*tonnes*	189,578	178,771
Gold produced	*ounces*	18,317	17,614
Silver produced	*ounces*	52,832	57,681
Gold sold	*ounces*	14,992	17,520
Silver sold	*ounces*	41,794	62,581
Realized Price			
Average realized gold price [i,ii]	*$/ounce*	1,474	1,271
Average realized silver price [i,ii]	*$/ounce*	16	16
Non-IFRS Performance Measures			
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,173	806
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,584	1,105
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	14	10
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	21	13
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,168	786
By-product all- in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,597	1,098
Financial Measures			
Gold revenue	*m $*	22.0	22.1
Silver revenue	*m $*	0.7	1.0
Total revenue	*m $*	22.7	23.1
Mine operating income / (loss)	*m $*	(0.5)	3.7
Net income / (loss)	*m $*	(11.9)	(0.9)
Earnings / (loss) per share	*/share*	(0.05)	-
EBITDA [i,ii]	*m $*	(5.6)	4.4
Cash & cash equivalents balance	*m $*	66.4	43.5
Cash flow from operations	*m $*	(26.5)	(4.7)
Free cash flow [i,ii]	*m $*	(31.2)	(18.1)
Exploration, evaluation & pre-development expense	*m $*	4.0	6.2
Capital			
Total capital expenditures	*m $*	4.4	13.4
Capital expenditures - sustaining [i,ii]	*m $*	4.5	4.2
Capital expenditures - expansionary [i,ii]	*m $*	(0.1)	9.2

[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, 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.

COVID-19

The Company recently announced that the Mercedes mine has been placed into care and maintenance as part of action required to help protect the health of our employees, their families and neighboring communities from the growing threat of the COVID-19 pandemic. The action was in response to the Mexican federal government's mandate that all non-essential businesses temporarily suspend operations until April 30th, 2020. On April 27, 2020, Mexico's General Health Council and the Health Ministry, published an amendment to the March 31, 2020 decree, which extends the suspension of non-essential activities until May 30, 2020 although there is ongoing dialogue between industry and government.

On site activity is currently limited to work required to prevent irreversible damage to the mine and the surrounding environment as a result of suspending normal operations. Precautionary measures and controls to help protect the care and maintenance personnel are being taken. Mercedes mine continues under a rigorous program of sanitation, social distancing and health monitoring in order to help protect the health and safety of those employees that remain at site. The care and maintenance employees on site remain at the mine for extended periods to limit the potential transfer of the virus between surrounding communities. To date, there are no known or suspected cases of COVID-19 infection among mine personnel.

Given the uncertainty surrounding the progression of the COVID-19 outbreak in Mexico, the Company has therefore decided to withdraw production guidance for 2020 and will continue to monitor the situation and adjust operations accordingly as developments unfold.

Mining activities at South Arturo are continuing with no significant interruption to date.

PUBLIC OFFERING AND FINANCING ARRANGEMENT

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.

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 2018, 2019, 2020							
	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Gold sales (ounces) (ii)	14,992	19,908	13,187	17,358	17,520	15,653	21,466	20,642
Silver sales (ounces) (ii)	41,794	46,722	35,587	56,484	62,581	90,135	85,376	58,098

(in thousands of U.S. dollars, unless otherwise stated)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Revenue	22,688	28,889	18,750	22,991	23,120	19,885	27,336	27,470
Costs of sales	(18,365)	(22,285)	(14,847)	(18,325)	(14,721)	(10,582)	(19,305)	(20,539)
Depletion, depreciation and amortization	(4,836)	(5,626)	(4,344)	(5,327)	(4,712)	(3,234)	(6,011)	(8,126)
Mine operating income / (loss)	(513)	978	(441)	(661)	3,687	6,069	2,020	(1,195)
Other significant income / (loss):								
Write-down of inventory	-	-	-	-	-	(8,260)	-	-
Gain attributable to Greenstone Gold development commitment	1,896	5,376	4,668	4,213	2,952	2,349	2,450	3,403
Transaction costs for the acquisition of Mercedes Mine (iii)	-	-	-	-	-	-	-	-
Income / (loss) for the period	(11,869)	(4,882)	(4,065)	(10,072)	(933)	(8,908)	(1,844)	(7,654)
Basic and diluted income / (loss) per share	(0.05)	(0.02)	(0.02)	(0.05)	-	(0.04)	(0.01)	(0.04)

(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 March 31 2020	2019
Revenue	**22,688**	**23,120**
Cost of sales	(18,365)	(14,721)
Depletion, depreciation and amortization	(4,836)	(4,712)
Mine operating income	**(513)**	**3,687**
Expenses		
Exploration, evaluation, and pre-development	3,979	6,155
Property maintenance	248	163
General and administrative	3,497	2,068
Share-based payments	1,588	110
Operating loss	**(9,825)**	**(4,809)**

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.

Gold production and sales

The Company produced a total of 18,317 ounces of gold during the first quarter of 2020 compared to 17,614 ounces during the same period of the prior year. The 703 ounce increase in consolidated production period over period is due primarily to outturns from the El Nino underground mine at South Arturo, where commercial production commenced last fall.

Revenue, Mine Operating Income and Net loss

The Company generated a total of $22.7 million in revenue during the first quarter of 2020 from the sale of 14,992 ounces of gold compared to $23.1 million from the sale of 17,520 ounces during the first quarter of 2019. The decrease in revenue period over period relates to the 2,528 reduction in ounces sold offset by an approximate $200 per ounce increase in realized price per ounce.

Mine operating loss of $0.5 million for the first quarter of 2020 when compared to mine operating income of $3.7 million through the same period in 2019 is a reflection of the decrease in gold production at Mercedes where total production costs remained relatively consistent period over period. The net loss of $11.9 million reported for Q1 2020 when compared to the net loss of $0.9 million reported in 2019 reflects the decrease in mine operating income explained above combined with the $0.8 million increase in operating expense, $5.3 million decrease in other income and $0.4 increase in finance expense period over period.

Expenses

Exploration, evaluation and pre-development expense for the first quarter of 2020 was $4.0 million compared to $6.2 million for the prior-year period. See further discussion in the Exploration, Evaluation and Pre-development section below.

General and administrative expenses for the first quarter of 2020 were $3.5 million compared to $2.1 million in the prior-year period. The increase in administrative expense relates to increased senior staffing levels period over period as well as differences in the timing for recording payments for short term incentive programs across the company.

Share-based payments relate to the issuance of stock options and restricted share units with the year over year variance in related expense resulting from differences in the timing of when they were issued, where 2019 grants were issued during the second quarter and 2020 grants during the first quarter.

Other Income / Expense

(in thousands of U.S. dollars)	Three months ended March 31	
	2020	**2019**
Other income		
Investment and other income	23	27
Interest earned	145	175
Gain on disposal of property, plant and equipment	9	229
Gain on derivatives	885	140
Gain / (loss) on investments	2	9
Gain / (loss) on foreign exchange	(2,830)	1,308
Gain attributable to Greenstone Gold development commitment	1,896	2,952
Gain on contract modifications	-	412
Change in fair value of silver stream contract	(896)	(680)
	(767)	**4,572**

Interest income is lower compared to the prior-year period first quarter as a result of lower cash balances during this year compared to last year, as the inflow of cash from the public offering and finance arrangement came late in the quarter.

The gain on disposal of property, plant and equipment for the first quarter of 2019 relates to the disposal of a non-core mineral interest for minimal proceeds less costs and the elimination of the related environmental rehabilitation obligation.

The gain on derivatives of $0.9 million for the three months ended March 31, 2020 was the result of a fair value gain on the valuation of warrants issued in connection with a financing arrangement in early 2019 and the 2019 gain of $0.1 million was generated from the fair value gain on the valuation of zero cost collar option contracts which was close to zero for 2020.

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 March 31, 2020, the U.S. dollar strengthened by 5.81% against the Canadian dollar and 17.58% against the peso when compared to same period of 2019, causing a foreign exchange loss on foreign denominated cash balances for this quarter and an overall exchange loss of $2.8 million for 2020 compared to a gain of $1.3 million in 2019.

The gain on contract modifications shown in the first quarter of 2019 relates to the financing arrangement discussed in Note 4 to the audited consolidated financial statements for the year ended December 31, 2019 and relates specifically to the silver stream amendment.

The fair value loss on the silver stream is the difference in fair value of the amended silver stream agreement between each reporting date of March 31, 2020 and 2019 respectively. It 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 March 31, 2020 was $1.9 million compared to $3.0 million in the prior-year period, directly attributable to the level of exploration and pre-development work being carried out on the property as further discussed in the Exploration, Evaluation and Pre-Development section. The project continues to be fully funded by the Company's co-ownership partner, Centerra Gold Inc. ("Centerra").

Interest and Finance Expense

	Three months ended March 31	
(in thousands of U.S. dollars)	2020	2019
Finance expense		
Environmental rehabilitation accretion	265	311
Interest paid	443	294
Amortization of finance costs	212	116
Amortization of gold prepay interest	(152)	(230)
Silver stream accretion	-	48
Finance costs	145	-
	913	**539**

For the three months ended March 31, 2020, environmental accretion was lower compared to the prior-year due to lower environmental rehabilitation provisions during 2020 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 March 31, 2020 decreased when compared to March 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 as reflected in the decreasing expense for the three months ended March 31, 2020 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, public offering and financing package described above.

Current and Deferred Taxes

	Three months ended March 31	
(in thousands of U.S. dollars)	2020	2019
Loss before income taxes	(11,504)	(776)
Current tax expense	(694)	(421)
Deferred tax recovery	329	264
Loss for the period	**(11,869)**	**(933)**
Exchange loss on translation of foreign operations	(2,434)	(1,079)
Comprehensive loss for the period	**(2,434)**	**(1,079)**
Total comprehensive loss for the period	**(14,303)**	**(2,012)**

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. Current income tax expense increased by $0.3 million for the year three month ended March 31, 2020 compared to the prior-year period primarily due to the net proceeds tax on processing at the South Arturo mine operation.

Deferred tax recoveries include a recovery of mining royalty deferred taxes for the Mercedes Mine and in 2020, the reduction of the deferred flow-through premium through deferred taxes as a result of flow-though spending in the period.

Other Comprehensive Loss

Other comprehensive 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. The exchange loss for the three months ended March 31, 2020 is $2.4 million compared to a loss of $1.0 million for the prior-year period as a result of a 5.81% weakening of the CAD to USD rate versus a weakening of 3.51% for 2019.

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 summarizes financial and non-financial information for the three months ended March 31, 2020 and 2019 respectively and is discussed in detail in the Mining Operating Segments section of this MD&A.

		Three months ended March 31, 2020			Three months ended March 31, 2019		
(in millions of U.S. dollars, unless otherwise stated) [iii]		Mercedes	South Arturo	Total	Mercedes	South Arturo	Total
Ore & Metals							
Ore milled	*tonnes*	162,408	27,170	189,578	178,771	-	178,771
Gold produced	*ounces*	11,587	6,730	18,317	17,614	-	17,614
Silver produced	*ounces*	52,207	625	52,832	57,681	-	57,681
Gold sold	*ounces*	9,685	5,307	14,992	17,520	-	17,520
Silver sold	*ounces*	41,794	-	41,794	62,581	-	62,581
Average gold grade	*grams/t*	2.36	8.59		3.18	-	
Average silver grade	*grams/t*	27.0	-		27.3	-	
Average gold recovery rate	*%*	93.9	89.7		96.2	-	
Average silver recovery rate	*%*	37.1	-		36.8	-	
Realized Price							
Average realized gold price [i,ii]	*$/ounce*	1,441	1,535	1,474	1,271	-	1,271
Average realized silver price [i,ii]	*$/ounce*	16	-	16	16	-	16
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,282	976	1,173	806	-	806
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,883	1,038	1,584	1,105	-	1,105
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	14	-	14	10	-	10
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	21	-	21	13	-	13
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,274	976	1,168	786	-	786
By-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,904	1,038	1,597	1,098	-	1,098
Financial Measures							
Gold revenue	*m $*	13.9	8.1	22.0	22.1	-	22.1
Silver revenue	*m $*	0.7	-	0.7	1.0	-	1.0
Total revenue	*m $*	14.5	8.1	22.7	23.1	-	23.1
Mine operating income	*m $*	(2.0)	1.5	(0.5)	3.7	-	3.7
Exploration, evaluation & pre-development expense	*m $*	0.7	-	0.7	0.6	-	0.7
Capital							
Total capital expenditures	*m $*	4.8	(0.4)	4.4	6.1	4.6	10.7
Capital expenditures - sustaining [i,ii]	*m $*	4.5	-	4.5	4.2	-	4.2
Capital expenditures - expansionary [i,ii]	*m $*	0.3	(0.4)	(0.1)	1.9	4.6	6.5

(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.

Exploration, Evaluation and Pre-development

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

	Three months ended March 31	
(in thousands of U.S. dollars) (i)	2020	2019
Rahill-Bonanza, Ontario, Canada	3	1
Hasaga, Ontario, Canada	603	17
Greenstone Gold, Ontario, Canada	1,624	3,048
McCoy-Cove, Nevada, USA	880	2,115
South Arturo, Nevada, USA	7	38
Goldbanks, Nevada, USA	75	51
Mercedes Mine, Sonora, Mexico	660	635
Rye, Nevada, USA	6	47
Rodeo Creek, Nevada, USA	4	10
Other	118	193
Total	**3,979**	**6,155**

(i) May not add due to rounding

Hasaga

Exploration activities planned for 2020 at the Hasaga property include the West Extension area (D-Zone) which 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.

During the quarter a total of 2,489 meters were drilled for a total expenditure of $0.6 million including drilling as main cost, geological, analytical and administration cost.

As a result of the closure of non-essential businesses in Ontario on March 18, 2020 due to COVID-19 and for the health and safety of our employees and contractors, it was decided to delay the program pending further guidance from the federal and provincial governments in Canada.

Greenstone

Expenditures totalling $1.6 million were incurred during the first quarter (contributed by Centerra on a 100% basis). Key expenditures include those in relation to advancing detailed engineering, permitting, management monitoring plans, water modelling, implementation of Indigenous community agreements, and exploration activities outside of the Hardrock deposit.

During the quarter, operations at Greenstone were not directly impacted by COVID-19. The managing partner is closely monitoring the situation and has closed access to its offices and site. All employees and consultants are working remotely.

McCoy-Cove

Pumping tests were conducted during the first quarter of 2020 on the two wells finalized in 2019 and the modeling of the data will be ongoing throughout the first half of 2020.

A McCoy-Cove "Earn-in" agreement was signed with Barrick Gold ("Barrick") in December 2017 to explore the claims surrounding the Cove properties. Activity on the surrounding properties wound down during the second half of 2019 and the agreement was formally terminated by Barrick on February 6, 2020. The Company continued with the exploration work on several regional targets where a total of 1,977 meters of drilling was completed. Ongoing drilling is focused on testing for mineralization in the Favret and Dixie Valley rock formations that host the deposits on the 100% owned carve-out lands. Drilling has intersected mineralization and alteration at several target areas including Lighthouse, Alpha, and Windy Point.

Mercedes

Exploration expense during the quarter relates to property administration and includes concession fees of $0.6 million for 46 lots covering 70,865 hectares.

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

(in thousands of U.S. dollars) 2	Status	Cumulative to December 31, 2018	Year ended December 31, 2019	Cumulative to December 31, 2019	Period ending March 31, 2020	Cumulative life of project to date
Rahill-Bonanza, Ontario, Canada	Active	16,477	8	16,485	3	16,488
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)	18,720	90	18,810	603	19,412
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)	36,801	15,816	52,617	1,624	54,241
McCoy-Cove, Nevada, USA	Active	48,821	4,495	53,316	880	54,196
South Arturo, Nevada, USA	Active	3,233	117	3,350	7	3,356
Goldbanks, Nevada, USA	Inactive	6,763	571	7,334	75	7,409
Mercedes Mine, Sonora, Mexico	Active	2,451	1,344	3,795	660	4,455
Cristina, Mexico	Inactive (iii)	1,632	-	1,632	-	1,632
Rye, Nevada, USA	Active	60	1,009	1,068	6	1,074
Rodeo Creek, Nevada, USA	Active	4	51	55	4	59
Other	(iv)	5,091	594	5,685	118	5,803
		249,722	**24,094**	**273,816**	**3,979**	**277,795**

[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 March 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)				For the years ended December 31
		2019	2018	2017 as restated [(i)]
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 the South Arturo and Mercedes mines during 2017 accounts for the significantly higher revenue reported in 2017 when compared to the two following years where production from the Phase 2 open pit at South Arturo gradually declined during 2018 until a near halt at the end of 2018 and was not replaced until the fall of 2019 when production from the El Nino underground mine at South Arturo commenced.

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.

Exploration, evaluation and pre-development expenses have remained relatively consistent year over year as the Company is committed to the continuation of exploration and development at the McCoy-Cove and Greenstone projects.

FINANCIAL POSITION

Balance Sheet Review

The following review compares March 31, 2020 results to December 31, 2019.

Assets

The Company ended the first quarter of 2020 with cash on hand of $66.4 million. The net increase in cash of $8.0 million was the result of various items including the $43.3 million in proceeds received from the public offering and financing completed on March 4, 2020 and an offsetting decrease of $22.9 million in relation to the settlement of accounts payable related to South Arturo. This is detailed further in the Liquidity and Capital Resources section below.

Receivables decreased by $3.3 million period over period in relation to the recovery of value added tax from Mexican tax authorities and foreign exchange losses on the devaluation of peso denominated balances.

Inventory increased by $0.94 million as a result of the increase in finished goods of $3.9 million offset by the combined decrease of $2.3 million in ore stockpiles at South Arturo and materials and supplies.

Property, plant and equipment decreased by $5.9 million period over period due to the foreign exchange impact on Canadian mining properties offset by depreciation, depletion and amortization.

Liabilities

Accounts payable decreased by $22.5 million primarily as a result of the payment by Barrick of accumulated accounts payable balances relating to South Arturo. Decreases of $1.7 million in accrued interest payable, $1.2 million in accrued bonuses and reductions in trade payables and sales tax on royalties at Mercedes added to the overall reduction.

Long-term deferred revenue increased by $10.7 million due to an increase in the gold prepay of $15.5 million offset by related fees and discounts of $1.8 million and the first quarter gold delivery of $2.8 million.

Long term debt decreased by $0.5 million with the repayment of the silver stream offset by the fair value adjustment.

Non-current assets

Non-current assets decreased by $6.0 million mainly for the $5.9 million decrease in property plant and equipment as discussed above.

Liquidity and Capital Resources

For the three months ended March 31, 2020, the Company had cash and cash equivalents of $66.4 million, an increase of $8.0 million from December 31, 2019.

Operating activities used cash of $26.5 million year to date and includes the following key items:

- $4.3 million from mining operations after adding back non-cash depletion;
- $4.0 million spent in exploration and pre-development activities.
- $4.3 million deducted for non-cash revenue on metal agreements included in operating revenue;
- $6.1 million from unrealized loss on foreign exchange.
- $1.7 million deducted from unrealized gain on derivatives.
- $3.5 million spent in general and project administration expenditures; and
- $23.0 million decrease in working capital mainly due to:
    - Increase in accounts receivable of $1.5 million
    - Use of cash from inventory decrease of $0.9 million
    - Decrease in accounts payable and accrued liabilities of $23.3 million as explained above;

Cash used in Investment activities relates primarily to capital investments of $4.4 million for mining and development operations.

Cash generated from financing activities of $40.8 million relates primarily to the financing discussed in Note 4 to the March 31, 2020 unaudited condensed consolidated interim financial statements, with net proceeds of $14.9 million relating to the gold prepay and $28.4 million relating to shares issued in the public offering.

Liquidity Outlook

(in thousands of U.S. dollars)	For the period ended March 31, 2020	March 31, 2019
Cash and cash equivalents	66,430	43,495
Working capital	44,279	56,201
Long term debt and deferred revenue	28,234	21,382

The Company funds its budgeted exploration and development activities through a combination of cash from operations and debt and equity financings. Ongoing development costs associated with the Company's Greenstone Gold property continue to be funded by the Company's partner Centerra Gold. The Company has sufficient liquidity to meets its budgeted obligations for the remainder of 2020.

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. A flow-through financing in the amount of $3.2 million (CAD $4.1 million) was completed during the fourth quarter of 2019 which is to be used to fund Canadian exploration activities in 2020.

Equity

The Company is authorized to issue an unlimited number of common shares of which 237,295,482 were outstanding at March 31, 2020 and the same at the date of this report, May 5, 2020. The Company has 3.5 million warrants issued and outstanding as of March 31, 2020. Also at March 31,2020 and May 5, 2020, the Company had outstanding options to purchase an aggregate of 14,705,000 common shares under its share incentive plan with exercise prices ranging from CAD$1.37 to CAD$4.28 per share and expiry dates ranging from July 15, 2020 to March 10, 2025. As of March 31, 2020 and December 31, 2019, there were no unvested stock options.

As of March 31, 2020, 2,712,667 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 three months ended March 31, 2020, there were 1,807,00 RSUs issued and 4,667 RSUs forfeited. During the same period a total of 148,000 deferred share units ("DSU"s) were issued under the Deferred Share Unit plan.

MINE OPERATING SEGMENTS

Mercedes Mine

The 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.

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

									Years 2020, 2019 and 2018
(in millions of U.S. dollars, unless otherwise stated) (iii)		Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Ore & Metals									
Ore milled	*tonnes*	162,408	161,914	159,450	167,588	178,771	183,158	159,608	154,442
Gold produced	*ounces*	11,587	12,274	14,481	15,532	17,614	22,465	17,465	13,780
Silver produced	*ounces*	52,207	44,809	37,462	51,354	57,681	119,039	88,390	44,366
Gold sold	*ounces*	9,685	13,628	13,187	16,440	17,520	14,373	19,534	14,673
Silver sold	*ounces*	41,794	46,722	35,587	56,484	62,581	90,135	85,376	58,098
Average gold grade	*grams/t*	2.4	2.5	2.9	3.0	3.2	4.0	3.5	2.9
Average silver grade	*grams/t*	26.97	27.37	22.60	27.24	27.31	44.78	39.40	23.82
Average gold recovery rate	*%*	93.9	94.8	95.9	95.9	96.2	96.3	96.6	95.8
Average silver recovery rate	*%*	37.1	31.4	32.3	35.0	36.8	45.2	43.7	37.5
Realized Price									
Average realized gold price (i,ii)	*$/ounce*	1,441	1,395	1,382	1,283	1,271	1,247	1,210	1,269
Average realized silver price (i,ii)	*$/ounce*	16	17	17	15	16	15	15	16
Non-IFRS Performance Measures									
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,282	1,244	1,095	1,053	806	639	904	1,161
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,883	1,388	1,354	1,254	1,105	808	1,059	1,325
Co-product cash costs per ounce of silver sold (i,ii)	*$/ounce*	14	15	14	12	10	10	10	12
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	*$/ounce*	21	17	17	15	13	13	12	13
By-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,274	1,237	1,086	1,044	786	609	884	1,142
By-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,904	1,388	1,353	1,252	1,098	795	1,046	1,312
Financial Measures									
Gold revenue	*m $*	13.9	18.9	18.1	21.0	22.1	17.8	23.5	18.5
Silver revenue	*m $*	0.7	0.8	0.6	0.8	1.0	0.5	1.5	1.1
Total revenue	*m $*	14.5	19.7	18.7	21.8	23.1	18.2	25.0	19.6
Mine operating income / (loss)	*m $*	(2.0)	(3.2)	(0.4)	(1.3)	3.7	5.3	1.0	(4.7)
Exploration, evaluation & pre-development expense	*m $*	0.7	-	0.6	0.1	0.6	-	0.6	-
Capital									
Total capital expenditures	*m $*	4.8	4.4	3.9	4.5	6.1	3.1	5.5	4.4
Capital expenditures - sustaining (i,ii)	*m $*	4.5	2.0	1.9	2.4	4.2	1.6	1.9	1.8
Capital expenditures - expansionary (i,ii)	*m $*	0.3	2.4	1.9	2.0	1.9	1.6	3.6	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.

Mining

								For the period ended	
		2018	2019					2020	
Mining operation			Q1	Q2	Q3	Q4	Year	Q1	Year
Tonnes	*Ore*	**699,312**	186,737	174,822	163,030	166,678	**691,267**	160,276	**160,276**
Tonnes Waste	*Operational*	**140,772**	27,186	60,592	44,824	47,719	**180,321**	29,236	**29,236**
Tonnes Moved	*Total*	**840,084**	213,923	235,414	207,854	214,397	**871,588**	189,512	**189,512**
Tonnes Ore	*Per day*	**1,916**	2,075	1,921	1,772	1,812	**1,894**	1,761	**1,761**
Tonnes Moved	*Per day*	**2,302**	2,377	2,587	2,259	2,330	**2,388**	2,083	**2,083**

Mercedes gold production for the three months ended March 31, 2020 was 11,587 oz compared to 17,614 oz in the Q1 2019. The decrease in gold production was primarily attributable to lower average grades, declining from 3.2g/t to 2.4 g/t. The decrease in grade is partially a result of excessive dilution in certain zones that, despite some progress late in the quarter, continued to impact production levels at the mine. Differences in the grade and volume of ounces produced period over period is also partially impacted by differences in the mix of zones mined during the current period and the grade associated with each of those zones in comparison to those mined in the prior year.

Ore tonnage produced was lower by about 9%, partly driven by the reduction in the mining rate during the last ten days of March as the Company began preparing for the shut down imposed by the government of Mexico in its country wide response to COVID-19, which resulted in the mine being placed into care and maintenance.

Plant Performance

Gold recoveries decreased from 96.2% during the first quarter of 2019 to 93.9% in 2020 due to the lower grade mined. Operating hours remained relatively consistent with that of the prior year and no unplanned corrective maintenance events occurred during the quarter.

Health and Safety and Environmental

In response to the COVID-19 pandemic the mine implemented a strategy of enhanced hygiene practices and other precautionary measures that include, but are not limited to, daily medical check-ups, physical distancing, increased cleaning and sanitation and continued education on good hygiene. There are currently no known or suspected cases of COVID-19 infection among mine site personnel.

There were no reportable environmental incidents during the first quarter of 2020. The Site completed an analysis by an external laboratory of all water bodies on-site with no issues and continues to monitor air quality and biodiversity.

Community

The Company continued its practice of providing support and assistance to local community programs in Cucurpe and Magdalena during the quarter and is working closely with local and state hospitals and authorities as part of the COVID-19 response.

Cash Costs[1]

Co-product cash cost per ounce of gold sold was $1,282 per ounce for the three months ended March 31, 2020 compared to $806 per ounce during the prior-year period. Co-product cash cost per ounce of silver sold was $14 per ounce for the three months ended March 31, 2020 and $10 for the prior-year period. The increase in unit costs period over period is due primarily to the decrease in ounces produced and sold as the cost per tonne mined has remained relatively consistent.

All-in Sustaining Costs[3]

All-in sustaining cost per ounce of gold sold was $1,883 per ounce for the three months ended March 31, 2020 compared to $1,105 per ounce during the prior-year period. Lower production and sales again explain the increase in unit costs as sustaining capital year over year has remained relatively consistent.

Exploration Activities

A total of 1,829 meters was drilled during the quarter with a focus on higher-grade gold mineralization at Lupita Extension, San Martin, Diluvio West and Marianas. Capitalized exploration expenses during the quarter which amounted to $0.25 million included drilling, analytical and sampling, and geological related costs.

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

Capital Expenditures

Capital expenditures were primarily related to underground mine infrastructure and development, with 5,557 meters of primary development completed during the first quarter of 2020. The primary area of focus for development was the Lupita Extension, a zone that exhibits grades well in excess of current reserves. The development plan will increase the number of available working faces that can supplement future production with higher-grade material. The planned acquisition of underground mining equipment for the first quarter was postponed for later in the year.

South Arturo Mine

The South Arturo mine is located 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.

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

		Years 2020, 2019 and 2018							
(in millions of U.S. dollars, unless otherwise stated) (iv)		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Ore & Metals		2019	2019	2019	2019	2019	2018	2018	2018
Ore milled	*tonnes*	27,170	21,800	14,835	8,447	-	5,286	21,334	23,379
Gold produced	*ounces*	6,730	4,606	2,003	918	-	577	2,635	2,227
Gold sold	*ounces*	5,307	6,281	-	918	-	1,280	1,932	5,969
Silver produced	*ounces*	625	691	394	438	-	1,691	1,122	7,380
Average gold grade	*grams/t*	8.6	7.7	5.1	4.1	-	4.1	4.5	3.6
Average gold recovery rate	*%*	89.7	85.4	82.4	82.5	-	82.2	85.7	82.8
Realized Price									
Average realized gold price (i,ii)	*$/ounce*	1,535	1,462	-	1,271	-	1,279	1,200	1,318
Non-IFRS Performance Measures									
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	976	748	-	308	-	385	396	475
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,038	846	-	768	-	678	498	506
By-product cash costs per ounce of gold sold (i,ii,iii)	*$/ounce*	976	748	-	308	-	385	396	475
By-product all-in sustaining costs per ounce of gold sold (i,ii,iii)	*$/ounce*	1,038	846	-	768	-	678	498	506
Financial Measures									
Gold revenue	*m $*	8.1	9.2	-	1.2	-	1.6	2.3	7.9
Mine operating income	*m $*	1.5	4.1	-	0.7	-	0.8	1.0	3.5
Exploration, evaluation & pre-development expense	*m $*	-	-	-	0.1	-	0.2	0.4	0.6
Capital									
Total capital expenditures	*m $*	(0.4)	9.1	8.3	5.9	4.6	3.6	2.8	1.6
Capital expenditures - sustaining (i,ii)	*m $*	-	0.2	-	-	-	-	-	-
Capital expenditures - expansionary (i,ii)	*m $*	(0.4)	8.9	8.3	5.9	4.6	3.6	2.8	1.6

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

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

(iii) Given the small nature and timing of South Arturo silver output, no silver by-product credits are reported, with any revenues offsetting costs.

(iv) May not add due to rounding.

Production

South Arturo production for the first quarter of 2020 was 6,730 ounces of gold and 625 ounces of silver. Production during the quarter came exclusively from the El Nino underground mine which declared commercial production in the fall of 2019. An additional 759 pre-production ounces of gold was recovered from Phase 1 open pit development work during the period. Proceeds from the sale of pre-production ounces is recorded as a reduction in the cost of development work during the period in which it is sold

Sales and Revenue

A total of 5,307 ounces of gold was sold during the first quarter of 2020 at an average realized price of $1,535 per ounce compared to nil in the prior-year. Gold revenue generated from gold sales during the period was $8.1 million compared to nil in the prior-year period.

Cash Costs[1]

Co-product cash cost per ounce of gold sold was $976 during the first quarter of 2020 compared to nil during the first quarter, and $748 during the fourth quarter of 2019.

All-in Sustaining Costs[1]

All-in sustaining cost per ounce of gold sold was $1,038 during the first quarter of 2020 compared to nil during the first quarter, and $846 during the fourth quarter of 2019.

Exploration Activities

Exploration drilling continues at El Nino to increase reserves and resources. Drilling also continued at East Dee, a high-grade mineralized zone located immediately to the east of the Phase 1 open pit.

Capital Expenditures

Capital expenditures during the first quarter of 2020 were offset by proceeds from pre-preproduction gold recovered from the Phase 1 open pit which are charged against capitalized development costs.

[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**.**

	Three months ended March 31,	
(in thousands of U.S. dollars) [(i)]	2020	2019
Northern Empire Mill, Ontario, Canada	1,408	1,532
Hasaga, Ontario, Canada	196	214
McCoy-Cove, Nevada, USA	4,108	4,068
South Arturo, Nevada, USA	3,457	3,159
Mercedes, Sonora, Mexico	11,326	11,016
	20,495	**19,989**

[(i)] May not add due to rounding.

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

There were no reclamation expenditures for the first quarter with changes in the provision due to accretion and currency adjustments. There is no rehabilitation program scheduled for 2020 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 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 no reclamation expenditures during the first quarter with changes in the provision due to accretion only. 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>

There were no reclamation expenditures during the first quarter 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 March 31, 2020:

						As at March 31, 2020
(in thousands of U.S. dollars)	2020	2021	2022	2023	2024 and later	Total
Contracts and lease liabilities	607	120	20	2	-	749
Exploration expenditure commitment - Rye Vein project	2,861	-	-	-	-	2,861
Provisions for environmental rehabilitation [i]	210	41	542	4,290	2,227	7,310
	817	**161**	**562**	**4,292**	**2,227**	**8,059**

[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 March 31, 2020, the Company has outstanding surety bonds in the amount of $9.9 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 March 31, 2020, the Company has spent a total of $1.0 million on the project.

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 March 31
(in thousands of U.S. dollars)	2020	2019
Salary, wages and benefits	1,604	747
Share-based payments	1,268	-
	2,872	**747**

Directors remuneration includes the following amounts:

		Three months ended March 31
(in thousands of U.S. dollars)	2020	2019
Fees earned and other remuneration	93	57
Share-based payments	236	-
	329	**57**

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 have agreed to reschedule examinations for discovery once restrictions caused by COVID-19 have loosened.

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. The parties are scheduled to complete examinations for discovery by June 15, 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. The Company believes it has a strong claim to the ownership of the material.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES, POLICIES AND CHANGES

For the three months ended March 31, 2020, there have been no changes in the accounting policies adopted by the Company from those detailed in Note 2 in the Company's audited consolidated financial statements for the year ended December 31, 2019.

The significant judgments and estimates affecting this quarter 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:

Valuation of financial instruments

Concurrent with the public offering described in Note 4 of these financial statements, the Company completed certain financing arrangements with OMF Fund II SO LTD. ("Orion") that included an amended and restated gold prepay credit agreement and an amended and restated offtake agreement.

Gold prepay

The Company has determined that the interest component present in the second amended and restated gold prepay agreement represents a financial liability and has evaluated the liability under IFRS 9 and the valuation of financial instruments.

In determining the fair value of the financing arrangement 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, metal prices and metal price volatility. Using the inputs above to determine the fair value of the components and the related credit spread, the Company used a discounted cash flow analysis to determine the present value of the financial liability.

Offtake

The initial offtake agreement entered into in 2016 included a collar on the price of gold that Orion will pay for each ounce, which resulted in the recognition of an embedded derivative. The 2019 amendment removed this collar and thus eliminated the embedded derivative, at which time the Company derecognized the related financial liability. The 2020 amendments are primarily related to an increase in the annual gold quantity to be delivered to Orion and extending the term of the agreement. Management has determined that the terms of the second amended and restated offtake agreement remain substantially the same as the existing offtake agreement. As a result, the Company has concluded that there are no embedded derivatives to value at this time.

Deferred revenue

The Company entered into a gold prepay agreement with Orion in 2016 and entered into amendments to the agreements in 2019 as discussed in Note 4 of the audited consolidated financial statements for the year ended December 31, 2019, and in 2020 as discussed in Note 4 of the March 31, 2020 unaudited condensed consolidated interim financial statements.

The 2016 upfront payment for the gold prepay facility with Orion was accounted for as deferred revenue as management determined that the agreement was not a derivative as it is satisfied through the delivery of non-financial items (i.e. gold commodity from the Company's production), rather than cash or financial assets. The 2019 amendment to the gold prepay agreement was related to security on the assets of the Company, management did not consider this a significant change to the contract. The 2020 amendment is primarily related to the additional principal amount (i.e. additional ounces to be delivered and metal pricing) and as such management has determined that the terms of the agreement remain substantially the same. The Company has concluded that the second amended and restated gold prepay agreement should be recorded as deferred revenue.

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 its cash cost and cash cost per ounce, the Company has considered the guidelines provided by the World Gold Council, a non-regulatory, non-profit market development organization for the gold industry. A Company's adoption of the standard is voluntary and other companies may quantify these measures differently as a result of different underlying principles and policies applied.

All-in Sustaining Costs

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

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

The following table provides a reconciliation of the net earnings, net earnings per share, adjusted net earnings and adjusted net earnings per share for the three months ended March 31, 2020 and 2019:

	Three months ended March 31	
(in thousands of U.S. dollars unless otherwise indicated)	2020	2019
Net Earnings / (loss)	(11,869)	(933)
Other expense adjustments	-	-
Adjusted Net Earnings / (loss) (i)	**(11,869)**	**(933)**
Net Earnings / (loss) per share	(0.05)	(0.00)
Adjusted net earnings / (loss) per share	(0.05)	(0.00)

(i) Adjusted net earnings / (loss) and adjusted net earnings / (loss) per share are non-IFRS performance measures. For more information, see the "Non-IFRS Measures" section of the 2020 Management's Discussion & Analysis.

The following table provides a reconciliation of the EBITDA and Adjusted EBITDA for the three months ended March 31, 2020 and 2019:

	Three months ended March 31	
(in thousands of U.S. dollars)	2020	2019
Income (loss) for the period	(11,869)	(933)
Depreciation	5,113	4,853
Interest	768	364
Amortization	-	-
Taxes	365	157
EBITDA (i)	**(5,623)**	**4,441**
Other expense adjustments	-	-
Adjusted EBITDA (i)	(5,623)	4,441

(i) EBITDA and Adjusted EBITDA are non-IFRS performance measures. For more information, see the "Non-IFRS Measures" section of the 2020 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 March 31, 2020:

For the three months ended March 31, 2020									
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	12,506	1,291	5,262	992	17,768	1,185	597	14	18,365
Depletion, depreciation and amortization	3,299	341	1,380	260	4,679	312	158	4	4,836
Total cost of sales	**15,804**	1,632	**6,642**	**1,252**	**22,446**	**1,497**	755	**18**	**23,201**
Depletion, depreciation and amortization	(3,299)	(341)	(1,380)	(260)	(4,679)	(312)	(158)	(4)	(4,836)
Royalty tax	77	8	-	-	77	5	4	0	81
Other costs [(ii)]	(171)	(18)	(84)	(16)	(255)	(17)	(8)	(0)	(263)
Cash cost : co-product	**12,412**	**1,282**	**5,178**	**976**	**17,590**	**1,173**	**593**	**14**	**18,183**
General and administrative	604	62	314	59	918	61	29	1	947
Rehabilitation - accretion and amortization	255	26	8	1	263	18	12	0	275
Sustaining capital expenditures	4,338	448	-	-	4,338	289	207	5	4,545
Sustaining exploration and evaluation expense	630	65	7	1	636	42	30	1	666
All-in sustaining cost : co-product	**18,238**	**1,883**	**5,507**	**1,038**	**23,745**	**1,584**	**871**	**21**	**24,616**
Total ounces produced		**11,587**		**6,730**		**18,317**		**52,207**	
Total ounces sold		**9,685**		**5,307**		**14,992**		**41,794**	

[(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 co-product basis for cash cost and AISC cost for the three months ended March 31, 2019:

For the three months ended March 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	14,106	805	-	-	14,106	805	615	10	14,721
Depletion, depreciation and amortization	4,515	258	-	-	4,515	258	197	3	4,712
Total cost of sales	**18,621**	**1,063**	**-**	**-**	**18,621**	**1,063**	**812**	**13**	**19,433**
Depletion, depreciation and amortization	(4,515)	(258)	-	-	(4,515)	(258)	(197)	(3)	(4,712)
Royalty tax	114	7	-	-	114	7	5	0	119
Other costs [(ii)]	(90)	(5)	-	-	(90)	(5)	(4)	(0)	(94)
Cash cost : co-product	**14,130**	**806**	**-**	**-**	**14,130**	**806**	**616**	**10**	**14,746**
General and administrative	285	16	-	-	285	16	12	0	298
Rehabilitation - accretion and amortization	348	20	-	-	348	20	15	0	363
Sustaining capital expenditures	3,994	228	-	-	3,994	228	174	3	4,168
Sustaining exploration and evaluation expense	609	35	-	-	609	35	27	0	635
All-in sustaining cost : co-product	**19,365**	**1,105**	**-**	**-**	**19,365**	**1,105**	**845**	**13**	**20,210**
Total ounces produced		**17,614**		**0**		**17,614**		**57,681**	
Total ounces sold [(iii)]		**17,520**		**0**		**17,520**		**62,581**	

[(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 March 31, 2020:

	For the three months ended March 31, 2020					
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	13,103	1,353	5,262	992	18,365	1,225
Depletion, depreciation and amortization	3,456	357	1,380	260	4,836	323
Total cost of sales	**16,559**	**1,710**	**6,642**	**1,252**	**23,201**	**1,548**
Depletion, depreciation and amortization	(3,456)	(357)	(1,380)	(260)	(4,836)	(323)
Royalty tax	81	8	-	-	81	5
By-product credits	(667)	(69)	-	-	(667)	(44)
Other costs [ii]	(179)	(19)	(84)	(16)	(263)	(18)
Cash cost : by-product	**12,338**	**1,274**	**5,178**	**976**	**17,516**	**1,168**
General and administrative	633	65	314	59	947	63
Rehabilitation - accretion and amortization	267	28	8	1	275	18
Sustaining capital expenditures	4,545	469	-	-	4,545	303
Sustaining exploration and evaluation expense	660	68	7	1	666	44
All-in sustaining cost : by-product	**18,443**	**1,904**	**5,507**	**1,038**	**23,949**	**1,597**
Total gold ounces produced		**11,587**		**6,730**		**18,317**
Total ounces sold [iii]		**9,685**		**5,307**		**14,992**

[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 three months ended March 31, 2019:

	For the three months ended March 31, 2019					
in thousands of U.S. dollars, except per ounce information in dollars [i]						
	Mercedes		South Arturo [iii]		Total	
By-Product	000$	Per gold ounce sold	000$	Per gold ounce sold	000$	Per gold ounce sold
Cost of sales excluding depletion, depreciation and amortization	14,721	840	-	-	14,721	840
Depletion, depreciation and amortization	4,712	269	-	-	4,712	269
Total cost of sales	**19,433**	**1,109**	**-**	**-**	**19,433**	**1,109**
Depletion, depreciation and amortization	(4,712)	(269)	-	-	(4,712)	(269)
Royalty tax	119	7	-	-	119	7
By-product credits	(971)	(55)	-	-	(971)	(55)
Other costs [ii]	(94)	(5)	-	-	(94)	(5)
Cash cost : by-product	**13,775**	**786**	**-**	**-**	**13,775**	**786**
General and administrative	298	17	-	-	298	17
Rehabilitation - accretion and amortization	363	21	-	-	363	21
Sustaining capital expenditures	4,168	238	-	-	4,168	238
Sustaining exploration and evaluation expense	635	36	-	-	635	36
All-in sustaining cost : by-product	**19,239**	**1,098**	**-**	**-**	**19,239**	**1,098**
Total gold ounces produced		**17,614**		**0**		**17,614**
Total gold ounces sold		**17,520**		**0**		**17,520**

[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

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

<u>Fluctuating Commodity Prices</u>

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.

<u>Dependence on Key Personnel</u>

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.

<u>Dependence on Third Parties</u>

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 is 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

Internal Control over Financial Reporting

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

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

Disclosure Controls and Procedures

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

CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS

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

ADDITIONAL INFORMATION

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

"Steve Filipovic"
(Signed) Steve Filipovic
Chief Financial Officer
Thunder Bay, Canada
May 5, 2020