PREMIER GOLD MINES LIMITED

Management's Discussion and Analysis

For the Quarter ended June 30, 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 and six months ended June 30, 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 August 4, 2020 and all information is current as of such date. Readers are encouraged to read the Company's public information filings on SEDAR at www.sedar.com.

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

OVERVIEW

Company Overview

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

The Company's principal mining assets include:

- Wholly owned Mercedes Mine in Sonora, Mexico,
- A 40% interest in the South Arturo Mine in Nevada, USA, and
- A 50% interest in the Hardrock Gold Project located along the Trans-Canada highway in Ontario, Canada.

Other key advanced exploration and development properties include:

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

Second Quarter Operating and Financial Highlights

- Production of 4,765 ounces of gold and 567 ounces of silver
- Sales of 9,382 ounces of gold at an average realized price[1] of $1,557 per ounce
- Cash costs[1] of $1,036 per ounce of gold sold
- AISC[1] of $1,207 per ounce of gold sold
- Revenue of $14.8 million
- Mine operating income of $2.2 million
- Net loss of $14.1 million including $5.1 million of shut down related costs and $1.9 million in restructuring costs
- Cash balance of $51.1 million

Year to Date

- Production of 23,082 ounces of gold and 53,399 ounces of silver
- Sales of 24,374 ounces of gold at an average realized price[1] of $1,506 per ounce
- Cash costs[1] of $1,120 per ounce of gold sold
- AISC[1] of $1,439 per ounce of gold sold
- Revenue of $37.5 million
- Mine operating income of $1.7 million
- Net loss of $26.0 million
- Cash balance of $51.1 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 June 30		Six months ended June 30	
		2020	2019	2020	2019
Ore milled	*tonnes*	17,863	176,035	207,441	354,806
Gold produced	*ounces*	4,765	16,450	23,082	34,063
Silver produced	*ounces*	567	51,792	53,399	109,472
Gold sold	*ounces*	9,382	17,358	24,374	34,877
Silver sold	*ounces*	14,747	56,484	56,541	119,065
Realized Price					
Average realized gold price (i,ii)	*$/ounce*	1,557	1,283	1,506	1,277
Average realized silver price (i,ii)	*$/ounce*	15	15	16	15
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,036	1,014	1,120	910
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,207	1,228	1,439	1,166
Co-product cash costs per ounce of silver sold (i,ii)	*$/ounce*	12	12	14	11
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	*$/ounce*	17	15	20	14
By-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,030	1,005	1,115	895
By-product all- in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,209	1,227	1,448	1,162
Financial Measures					
Gold revenue	*m $*	14.6	22.2	36.6	44.3
Silver revenue	*m $*	0.2	0.8	0.9	1.8
Total revenue	*m $*	14.8	23.0	37.5	46.1
Mine operating income / (loss)	*m $*	2.2	(0.7)	1.7	3.0
Net loss	*m $*	(14.1)	(10.1)	(26.0)	(11.0)
Loss per share	*/share*	(0.06)	(0.05)	(0.11)	(0.05)
EBITDA (i,ii)	*m $*	(8.6)	(3.7)	(14.3)	0.8
Cash & cash equivalents balance	*m $*	51.1	26.4	51.1	26.4
Cash flow from operations	*m $*	(13.2)	(3.4)	(39.7)	(8.2)
Free cash flow (i,ii)	*m $*	(15.7)	(15.9)	(46.9)	(34.0)
Exploration, evaluation & pre-development expense	*m $*	3.8	5.4	7.7	11.5
Capital					
Total capital expenditures	*m $*	1.8	12.4	6.3	25.9
Capital expenditures - sustaining (i,ii)	*m $*	0.9	2.4	5.4	6.6
Capital expenditures - expansionary (i,ii)	*m $*	0.9	10.0	0.8	19.3

(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 announced at the beginning of the second quarter that the Mercedes mine had 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 extended the suspension of non-essential activities until May 30, 2020. On site activity during the shutdown was 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 were taken.

Upon certification of compliance to protocols intended to minimize the risk of COVID-19 presence and transmission on site, limited ore and waste development as well as delineation and exploration drilling were restarted at the beginning of June. Ore was stockpiled in June with no ore processed at the plant and processing resumed in early July. Mercedes mine continues under a rigorous program of sanitation, social distancing and health monitoring and strict quarantine protocols in order to help protect the health and safety of all employees.

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

Given the uncertainty surrounding the progression of the COVID-19 outbreak, the Company has withdrawn production guidance for 2020 and will continue to monitor the situation. Operations have been adjusted accordingly as further explained the "Mining Operations" section of this MD&A.

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.

On May 27, 2020, Orion announced that Nomad Royalty Company ("Nomad") acquired OMF Fund II SO Ltd., the lender and administrative agent of the gold prepay and silver stream agreements entered into by the Company as further described in Note 4(b) and Note 28 to the June 30, 2020 unaudited condensed consolidated interim financial statements. Effective May 27, 2020, the Company will deliver gold and silver to Nomad in satisfaction of delivery obligations required under the gold prepay and silver stream agreements.

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.

PREMIER GOLD MINES LIMITED

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							
	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Gold sales (ounces) [ii]	9,382	14,992	19,908	13,187	17,358	17,520	15,653	21,466
Silver sales (ounces) [ii]	14,747	41,794	46,722	35,587	56,484	62,581	90,135	85,376

(in thousands of U.S. dollars, unless otherwise stated)	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Revenue	14,816	22,688	28,889	18,750	22,991	23,120	19,885	27,336
Costs of sales	(10,005)	(18,365)	(22,285)	(14,847)	(18,325)	(14,721)	(10,582)	(19,305)
Depletion, depreciation and amortization	(2,612)	(4,836)	(5,626)	(4,344)	(5,327)	(4,712)	(3,234)	(6,011)
Mine operating income / (loss)	2,199	(513)	978	(441)	(661)	3,687	6,069	2,020
Other significant income / (loss):								
Write-down of inventory	-	-	-	-	-	-	(8,260)	-
Gain attributable to Greenstone Gold development commitment	2,482	1,896	5,376	4,668	4,213	2,952	2,349	2,450
Loss for the period	(14,114)	(11,869)	(4,882)	(4,065)	(10,072)	(933)	(8,908)	(1,844)
Basic and diluted income / (loss) per share	(0.06)	(0.05)	(0.02)	(0.02)	(0.05)	-	(0.04)	(0.01)

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

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

Quarter Results

(in thousands of U.S. dollars, unless otherwise noted)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Revenue	**14,816**	**22,991**	**37,504**	**46,111**
Cost of sales	(10,005)	(18,325)	(28,370)	(33,047)
Depletion, depreciation and amortization	(2,612)	(5,327)	(7,448)	(10,039)
Mine operating income / (loss)	**2,199**	**(661)**	**1,686**	**3,025**
Expenses				
Exploration, evaluation, and pre-development	3,767	5,381	7,746	11,536
Property maintenance	179	140	427	303
General and administrative	2,612	2,861	6,109	4,929
Share-based payments	1,332	2,364	2,921	2,474
Care and maintenance	5,115	-	5,115	-
Restructuring cost	1,905	-	1,905	-
Operating loss	**(12,711)**	**(11,407)**	**(22,537)**	**(16,217)**

Gold production

A total of 4,765 ounces of gold and 567 ounces of silver were produced during Q2 2020 compared to 16,450 ounces of gold and 51,792 ounces of silver during Q2 2019. The significant reduction in production compared to 2020 is directly related to the impact of the COVID-19 pandemic on mining operations in Mexico offset by increased production from South Arturo which accounted for all of the production in Q2 2020 and compared to 918 ounces of gold production in 2019. The Mercedes mine was placed into care and maintenance due to the COVID-19 pandemic late during the first quarter and remained in that status for most of the second quarter. The mine was able to restart gradually during the latter part of the period, with activity on site initially limited due to sanitary measures required for the safety of mine personnel. Ore that was produced upon start up remained in stockpile until processing resumed in early July.

Revenue, Mine Operating Income and Net loss

The Company generated a total of $14.6 million in revenue during the second quarter of 2020 from the sale of 9,382 ounces of gold compared to $22.2 million in revenue from the sale of 17,358 ounces during the prior year period. The decrease in revenue period over period relates primarily to the absence of production in Mercedes due to COVID-19 offset by increased production from the El Nino underground mine at South Arturo.

Mine operating income of $2.2 million for the second quarter of 2020 when compared to mine operating loss of $0.7 million through the same period in 2019 is a reflection of the absence of production at Mercedes and the pick up in production at South Arturo. South Arturo achieved a mine operating income of $2.6 million for the quarter compared to $0.7 million in the prior year period. The net loss of $14.1 million reported for Q2 2020 when compared to the net loss of $10.1 million reported in 2019 reflects the situation in Mercedes explained above and includes care of maintenance and restructuring costs totalling $7.0 million as discussed below.

Expenses

Exploration, evaluation and pre-development expense for the second quarter of 2020 was $3.8 million compared to $5.4 million for the prior-year period. See further discussion in the Exploration, Evaluation and Pre-development section below.

General and administrative expenses for the second quarter of 2020 were $2.6 million compared to $2.8 million in the prior-year period. The decrease relates to the deferral or cancelation of some activities during the quarter due to COVID-19 measures.

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 and positive fair value changes this year on restricted share units valued at market value.

Care and Maintenance

As explained in the COVID-19 section, Mercedes mine was placed on care and maintenance during the quarter, incurring cash expenditures of $3.3 million during this period at the mine site and for personnel sent home. $1.9 million of depreciation and amortization on the idled plant assets was also allocated to care and maintenance during the shutdown.

Restructuring Cost

During the two-month shutdown at Mercedes, extensive technical work was carried out to assess alternative mine plans with renewed attention to increasing production margins. A plan was developed to re-start operations with a strategy limiting mining and development activities to the Lupita (including Lupita Extension) and Diluvio zones. This realignment recognizes the need to optimize Mercedes production to its current reserve base rather than its processing capacity. Key elements of the optimized plan include:

- Consolidating production to one mine portal from five,
- Reduce mining rate to 1,200 tonnes per day from 2,000 tonnes,
- Operating the processing plant once certain criteria of volume and grade are met and in alignment with the plan and crew rotations.

This restructuring has resulted in a reduction of 40% of the employees required to operate the mine and 75% of mining-related contractors. The affected employees received a severance package in accordance with Mexican Federal Labor regulations in the amount of $1.9 million.

Other Income / Expense

(in thousands of U.S. dollars)	Three months ended June 30 2020	Three months ended June 30 2019	Six months ended June 30 2020	Six months ended June 30 2019
Other income				
Investment and other income	19	24	41	50
Interest earned	127	132	272	307
Gain / (loss) on disposal of property, plant and equipment	(92)	-	(83)	229
Loss on derivatives	(3,951)	(1,958)	(3,066)	(1,817)
Gain / (loss) on investments	30	(20)	32	(12)
Gain / (loss) on foreign exchange	1,369	440	(1,459)	1,750
Gain attributable to Greenstone Gold development commitment	2,482	4,213	4,378	7,165
Gain on contract modifications	-	-	-	412
Change in fair value of silver stream contract	(400)	(481)	(1,297)	(1,161)
	(416)	**2,350**	**(1,182)**	**6,923**

The loss on disposal of property, plant and equipment for the second quarter of 2020 relates to the disposal of a non-core mineral interest.

The loss on derivatives of $3.9 million for the three months ended June 30, 2020 was the result of a fair value loss of $1.4 million on the valuation of warrants issued in connection with a financing arrangement in early 2019 and the fair value loss on the valuation of zero cost collar option contracts for $2.5 million.

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 Mexican peso. For the three months ended June 30, 2020, the U.S. dollar weakened by 3.9% against the Canadian dollar and 2.3% against the Mexican peso causing a foreign exchange gain on foreign denominated cash balances for this quarter. For the same period of 2019, the U.S. dollar weakened by 2.1% against the Canadian dollar and 1.1% against the Mexican peso resulting in less of a gain for that period. For the six months ended June 30, 2020, the U.S dollar strengthened by 4.9% against the Canadian dollar and 21.9% against the Mexican peso compared to December 31, 2019 causing an overall exchange loss of $1.5 million for 2020. The exchange gain for the same period in 2019 is the result of a weakening of the U.S. dollar for both currencies.

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 June 30, 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 has been impacted by the reduced ounces from the Mercedes mine and a re-evaluation of the discount rate applied to the stream.

The gain attributable to the Greenstone Gold development commitment for the three months ended June 30, 2020 was $2.5 million compared to $4.2 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

(in thousands of U.S. dollars)	Three months ended June 30 2020	Three months ended June 30 2019	Six months ended June 30 2020	Six months ended June 30 2019
Finance expense				
Environmental rehabilitation accretion	185	314	450	625
Interest paid	583	251	1,026	545
Amortization of finance costs	379	155	591	271
Amortization of gold prepay interest	(265)	(192)	(418)	(422)
Silver stream accretion	-	-	-	48
Finance costs	67	404	212	404
	949	**932**	**1,861**	**1,471**

For the three months ended June 30, 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. In 2019 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 and six months ended June 30, 2020 increased when compared to the same periods of 2019 as a result of the use of the credit facility this year (the facility was not accessed until the third quarter of 2019). In addition, although the gold prepay balance has been reduced since last year, the additional gold prepay advance on March 4, 2020 has resulted in additional interest and amortization this period. The amended gold prepay credit agreement changes are explained in the "Public Offering and Financing Arrangement" section of this MD&A.

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

(in thousands of U.S. dollars)	Three months ended June 30		Six months ended June 30	
	2020	**2019**	**2020**	**2019**
Loss before income taxes	(14,076)	(9,989)	(25,580)	(10,765)
Current tax expense	(372)	(373)	(1,066)	(794)
Deferred tax recovery	334	290	663	554
Loss for the period	**(14,114)**	**(10,072)**	**(25,983)**	**(11,005)**
Exchange gain / (loss) on translation of foreign operations	1,946	(744)	(488)	(1,823)
Comprehensive gain / (loss) for the year	**1,946**	**(744)**	**(488)**	**(1,823)**
Total comprehensive loss for the period	**(12,168)**	**(10,816)**	**(26,471)**	**(12,828)**

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 taxes have remained constant for the three months ended June 30, 2020 but have increased year to date over 2019 for higher net proceeds tax in Nevada as a result of increased production. Deferred tax recoveries include a recovery of mining royalty deferred taxes for the Mercedes Mine and in 2020 and the reduction of the deferred flow-through premium through deferred taxes as a result of flow-though spending in the period.

Other Comprehensive Gain / (Loss)

Other comprehensive gain / (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 gain for the three months ended June 30, 2020 is $1.9 million compared to a loss of $0.7 million for the prior-year period as a result of a 3.9% strengthening of the Canadian dollar to the U.S. dollar rate in this year. The U.S. dollar went from a strengthening of 9.2% in the first quarter to 4.9% year to date resulting in less of a loss on Canadian properties for the six months ended June 30, 2020.

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 and six months ended June 30, 2020 and 2019 respectively and is discussed in detail in the Mining Operating Segments section of this MD&A.

		Three months ended June 30, 2020			Three months ended June 30, 2019		
(in millions of U.S. dollars, unless otherwise stated) [iii]		Mercedes	South Arturo	Total	Mercedes	South Arturo	Total
Ore & Metals							
Ore milled	*Tonnes*	0	17,863	17,863	167,588	8,447	176,035
Gold produced	*Ounces*	0	4,765	4,765	15,532	918	16,451
Silver produced	*ounces*	0	567	567	51,354	438	51,792
Gold sold	*ounces*	3,061	6,321	9,382	16,440	918	17,359
Silver sold	*ounces*	14,747	-	14,747	56,484	0	56,484
Average gold grade	*grams/t*	0.00	9.32		3.00	4.10	
Average silver grade	*grams/t*	0.0	-		27.2	-	
Average gold recovery rate	*%*	0.0	89.0		95.9	82.5	
Average silver recovery rate	*%*	0.0	-		35.0	-	
Realized Price							
Average realized gold price [i,ii]	*$/ounce*	1,436	1,616	1,557	1,283	1,271	1,283
Average realized silver price [i,ii]	*$/ounce*	15	-	15	15	-	15
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,130	990	1,036	1,053	308	1,014
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,580	1,026	1,207	1,254	768	1,228
Co-product cash costs per ounce of silver sold [i,ii]	*$/ounce*	12	-	12	12	-	12
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	*$/ounce*	17	-	17	15	-	15
By-product cash costs per ounce of gold sold [i,ii]	*$/ounce*	1,114	990	1,030	1,044	308	1,005
By-product all-in sustaining costs per ounce of gold sold [i,ii]	*$/ounce*	1,587	1,026	1,209	1,252	768	1,227
Financial Measures							
Gold revenue	*m $*	4.4	10.2	14.6	21.0	1.2	22.2
Silver revenue	*m $*	0.2	0.0	0.2	0.8	0.0	0.8
Total revenue	*m $*	4.6	10.2	14.8	21.8	1.2	23.0
Mine operating income / (loss)	*m $*	(0.4)	2.6	2.2	(1.3)	0.7	(0.7)
Exploration, evaluation & pre-development expense	*m $*	0.0	0.0	0.0	0.1	0.1	0.1
Capital							
Total capital expenditures	*m $*	1.1	0.5	1.6	4.5	5.9	10.4
Capital expenditures - sustaining [i,ii]	*m $*	0.9	0.0	0.9	2.4	0.0	2.4
Capital expenditures - expansionary [i,ii]	*m $*	0.2	0.5	0.7	2.0	5.9	8.0

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

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

[iii] May not add due to rounding.

(in millions of U.S. dollars, unless otherwise stated) [iv]		Six months ended June 30, 2020			Six months ended June 30, 2019		
Ore & Metals		Mercedes	South Arturo	Total	Mercedes	South Arturo	Total
Ore milled	tonnes	162,408	45,032	207,441	346,359	8,447	354,806
Gold produced	ounces	11,587	11,495	23,082	33,146	918	34,064
Silver produced	ounces	52,207	1,192	53,399	109,034	438	109,472
Gold sold	ounces	12,746	11,628	24,374	33,960	918	34,878
Silver sold	ounces	56,541	-	56,541	119,065	-	119,065
Average gold grade	grams/t	2.36	8.88		3.10	4.52	
Average silver grade	grams/t	26.97	-		27.28	-	
Average gold recovery rate	%	93.9	89.4		96.1	0.8	
Average silver recovery rate	%	37.1	-		35.9	-	
Realized Price							
Average realized gold price [i,ii]	$/ounce	1,440	1,579	1,506	1,277	1,271	1,277
Average realized silver price [i,ii]	$/ounce	16	-	16	15	-	15
Non-IFRS Performance Measures							
Co-product cash costs per ounce of gold sold [i,ii]	$/ounce	1,245	983	1,120	926	308	910
Co-product all-in sustaining costs per ounce of gold sold [i,ii]	$/ounce	1,810	1,031	1,439	1,177	768	1,166
Co-product cash costs per ounce of silver sold [i,ii]	$/ounce	14	-	14	11	-	11
Co-product all-in sustaining costs per ounce of silver sold [i,ii]	$/ounce	20	-	20	14	-	14
By-product cash costs per ounce of gold sold [i,ii,iii]	$/ounce	1,236	983	1,115	911	308	895
By-product all-in sustaining costs per ounce of gold sold [i,ii,iii]	$/ounce	1,828	1,031	1,448	1,173	768	1,162
Financial Measures							
Gold revenue	m $	18.3	18.4	36.6	43.1	1.2	44.3
Silver revenue	m $	0.9	-	0.9	1.8	-	1.8
Total revenue	m $	19.1	18.4	37.5	44.9	1.2	46.1
Mine operating income / (loss)	m $	(2.4)	4.1	1.7	2.4	0.7	3.0
Exploration, evaluation & pre-development	m $	0.7	0.0	0.7	0.7	0.1	0.8
Capital							
Total capital expenditures	m $	5.9	0.0	5.9	10.6	10.6	21.1
Capital expenditures - sustaining [i,ii]	m $	5.4	-	5.4	6.6	-	6.6
Capital expenditures - expansionary [i,ii]	m $	0.5	0.0	0.5	4.0	10.6	14.5

(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.

(in thousands of U.S. dollars) (i)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Rahill-Bonanza, Ontario, Canada	1	1	4	2
Hasaga, Ontario, Canada	423	27	1,025	43
Greenstone Gold, Ontario, Canada	2,224	3,619	3,848	6,667
McCoy-Cove, Nevada, USA	993	1,042	1,873	3,157
South Arturo, Nevada, USA	7	67	13	105
Goldbanks, Nevada, USA	3	277	79	328
Mercedes Mine, Sonora, Mexico	7	69	667	704
Rye, Nevada, USA	3	92	9	139
Rodeo Creek, Nevada, USA	1	7	5	17
Other	105	180	223	374
Total	**3,767**	**5,381**	**7,746**	**11,536**

(i) May not add due to rounding

Hasaga

After delaying the drill program in the first quarter of 2020 due to COVID-19, the Company safely resumed exploration activities at Hasaga during the second quarter following the requirements and guidelines issued by local and regional authorities for both employees and contractors working on site.

During the quarter, a total of 4,848 meters were drilled for total expenditure of $0.4 million for drilling and related costs including geological, analytical and administration. The exploration effort was focused on the lower and upper D areas within the Epp zone. The goal for the third quarter will be to test the extent of the known zones towards Buffalo Mine in the northwest and Hasaga Mine in the southeast.

Greenstone

Expenditures included in exploration, evaluation and pre-development totalling $4.4 million were incurred during the second 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

Hydrogeologic modeling based on pumping tests from two wells was completed in April. The reports are finalized and the base model is prepared for analyzing mine plan scenarios.

Exploration resumed in the second quarter with the completion of three holes for a total of 253 meters of core and 1,116 meters of reverse circulation drilling. The exploration program in ongoing and expected to finish in third quarter. Targets for the current drill program include step outs on previously tested zones as well as previously untested geophysical anomalies. Drilling is focused on testing for mineralization in the Favret and Dixie Valley rock formations that host the majority of the current resources.

Mercedes

Exploration expense during the quarter relates to property administration.

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 June 30, 2020	Cumulative life of project to date
Rahill-Bonanza, Ontario, Canada	Active	16,477	8	16,485	4	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	1,025	19,835
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	3,848	56,465
McCoy-Cove, Nevada, USA	Active	48,821	4,495	53,316	1,873	55,190
South Arturo, Nevada, USA	Active	3,233	117	3,350	13	3,363
Goldbanks, Nevada, USA	Active	6,763	571	7,334	79	7,412
Mercedes Mine, Sonora, Mexico	Active	2,451	1,344	3,795	667	4,462
Cristina, Mexico	Inactive (iii)	1,632	-	1,632	-	1,632
Rye, Nevada, USA	Active	60	1,009	1,068	9	1,077
Rodeo Creek, Nevada, USA	Active	4	51	55	5	60
Other	(iv)	5,091	594	5,685	223	5,908
		249,722	**24,094**	**273,816**	**7,746**	**281,562**

[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)		2019	2018	For the years ended December 31 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				
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 June 30, 2020 results to December 31, 2019.

Assets

The Company ended the second quarter of 2020 with cash on hand of $51.1 million. The net decrease in cash of $7.3 million is the result of significant use of cash in operations from a combination of cash operating losses of $12.7 million and a $27.0 million reduction in working capital offset by the financing package discussed in the "Public Offering and Financing Arrangement" section of this MD&A totalling $41.7 million and capital expenditures of $6.6 million.

Receivables decreased by $6.1 million period over period primarily due to the recovery of value added tax from Mexican tax authorities and foreign exchange losses on the devaluation of peso denominated balances.

Inventory decreased by $3.4 million as a result of the decrease in finished goods of $6.8 million, due to production levels during the quarter, offset by the combined increase of $3.4 million in ore stockpiles from Mercedes and South Arturo and materials and supplies.

Liabilities

Accounts payable decreased by $32.7 million primarily as a result of the payment of accumulated accounts payable balances relating to South Arturo. Decreases of $1.1 million in accrued interest payable, $0.7 million in accrued bonuses and reductions in trade payables and sales tax on royalties at Mercedes for $6.5 are attributable to the halt in operations during the quarter.

Deferred revenue increased in total by $8.4 million due to an increase in the gold prepay of $15.5 million offset by related fees and discounts of $0.6 million, the first and second quarter gold delivery of $5.6 million and amortization of deferred finance costs.

Long term debt in total decreased by $0.4 million with the year to date repayment of the silver stream of $1.7 million offset by the fair value adjustment of $1.3 million and no change in the Investec credit facility balance.

Non-current assets

Non-current assets decreased by $4.4 million mainly for the $4.6 million decrease in property plant and equipment which includes foreign exchange impact on Canadian mining properties of $3.2 million, capital additions of $6.2 million and $8.5 million of depreciation, depletion and amortization.

Liquidity and Capital Resources

For the period ended June 30, 2020, the Company had cash and cash equivalents of $51.1 million, a decrease of $7.3 million from December 31, 2019.

Operating activities used cash of $39.7 million year to date and includes the following key items:

- $9.1 million from mining operations after adding back non-cash depletion;
- $7.7 million spent in exploration and pre-development activities.
- $7.3 million deducted for non-cash revenue on metal agreements included in operating revenue;
- $4.6 million from unrealized loss on foreign exchange.
- $0.8 million from unrealized gain on derivatives.
- $6.1 million spent in general and project administration expenditures; and
- $27.0 million decrease in working capital mainly due to:
  - Decrease in accounts receivable of $4.5 million
  - Inventory increase of $2.0 million
  - Decrease in accounts payable and accrued liabilities of $33.3 million as explained above;

Cash used in Investment activities relates primarily to capital investments of $6.2 million for mining and development operations.

Cash generated from financing activities of $40.0 million relates primarily to the financing discussed in Note 4 to the June 30, 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.

PREMIER GOLD MINES LIMITED

Liquidity Outlook

(in thousands of U.S. dollars)	For the period ended	
	June 30, 2020	December 31, 2019
Cash and cash equivalents	51,134	58,408
Working capital	29,202	16,223
Long term debt and deferred revenue	26,198	19,370

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. As a result of the financing package completed in the first quarter 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. $1.2 million (CAD $1.7 million) has been spent on flow through year to date.

Equity

The Company is authorized to issue an unlimited number of common shares of which 237,295,482 were outstanding at June 30, 2020 and the 237,368,482 at the date of this report, August 4, 2020. The Company has 3.5 million warrants issued and outstanding as of June 30, 2020. Also at June 30,2020, the Company had outstanding options to purchase an aggregate of 14,654,000 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 June 30, 2020 and December 31, 2019, there were no unvested stock options. At August 4, 2020 the outstanding options were 14,581,000.

As of June 30, 2020, there are 2,704,667 restricted share units ("RSU"s) 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 six months ended June 30, 2020, there were 1,807,000 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 exploit low sulfidation quartz veins and quartz veinlet stockwork containing gold and silver via underground modified overhand cut and fill, narrow vein longitudinal longhole mining, and longhole open stoping methods at an ore extraction rate of approximately 2,000 tonnes per day. Processing is by wet milling with a Merrill-Crowe recovery system.

		Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars, unless otherwise stated) (iii)		2020	2019	2020	2019
Ore & Metals					
Ore milled	*tonnes*	0	167,588	162,408	346,359
Gold produced	*ounces*	0	15,532	11,587	33,146
Silver produced	*ounces*	0	51,354	52,207	109,034
Gold sold	*ounces*	3,061	16,440	12,746	33,960
Silver sold	*ounces*	14,747	56,484	56,541	119,065
Average gold grade	*grams/t*	0.0	3.0	2.4	3.1
Average silver grade	*grams/t*	0.00	27.24	26.97	27.28
Average gold recovery rate	*%*	0.0	95.9	93.9	96.1
Average silver recovery rate	*%*	0.0	35.0	37.1	35.9
Realized Price					
Average realized gold price (i,ii)	*$/ounce*	1,436	1,283	1,440	1,277
Average realized silver price (i,ii)	*$/ounce*	15	15	16	15
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,130	1,053	1,245	926
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,580	1,254	1,810	1,177
Co-product cash costs per ounce of silver sold (i,ii)	*$/ounce*	12	12	14	11
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	*$/ounce*	17	15	20	14
By-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,114	1,044	1,236	911
By-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,587	1,252	1,828	1,173
Financial Measures					
Gold revenue	*m $*	4.4	21.0	18.3	43.1
Silver revenue	*m $*	0.2	0.8	0.9	1.8
Total revenue	*m $*	4.6	21.8	19.1	44.9
Mine operating income / (loss)	*m $*	(0.4)	(1.3)	(2.4)	2.4
Exploration, evaluation & pre-development expense	*m $*	0.0	0.1	0.7	0.7
Capital					
Total capital expenditures	*m $*	1.1	4.5	5.9	10.6
Capital expenditures - sustaining (i,ii)	*m $*	0.9	2.4	5.4	6.6
Capital expenditures - expansionary (i,ii)	*m $*	0.2	2.0	0.5	4.0

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

(ii) Cash costs, all-in sustaining costs, 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.

PREMIER GOLD MINES LIMITED

Mining

Mining operation		2018	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 Year	2020 Q1	2020 Q2	2020 Year
Tonnes	*Ore*	**699,312**	186,737	174,822	163,030	166,678	**691,267**	160,276	16,217	**176,493**
Tonnes Waste	*Operational*	**140,772**	27,186	60,592	44,824	47,719	**180,321**	29,236	4,043	**33,279**
Tonnes Moved	*Total*	**840,084**	213,923	235,414	207,854	214,397	**871,588**	189,512	20,260	**209,772**
Tonnes Ore	*Per day*	**1,916**	2,075	1,921	1,772	1,812	**1,894**	1,761	178	**970**
Tonnes Moved	*Per day*	**2,302**	2,377	2,587	2,259	2,330	**2,388**	2,083	223	**1,153**

For the period ended

As mentioned in the COVID-19 section above, Mercedes was placed on care and maintenance in April and May. A phased re-start of the mine began with limited mining activities in June to ensure the safe and successful implementation of the plan and meet sanitation requirements necessitated by our COVID-19 protocols. The initial focus of the phased plan prioritizes completion of key access ramps to the Diluvio West and Lupita Extension stoping areas, delineation/definition drilling at Marianas and Diluvio West, and San Martin delineation drilling.

Plant Performance

The plant was under care and maintenance throughout the quarter with a phased re-start that began in July. Processing sequence will be based on tonnage and grade that is in alignment with the revised mine plan and crew rotations.

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, 100% COVID-19 testing of crews arriving on site, 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 second 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 $1,130 per ounce for the three months ended June 30, 2020 and correspond only to the 3,061 ounces of gold sold during the quarter from finished goods inventory attributable to the first quarter. This compares to $1,053 per ounce in the same period of the previous year. All other costs for the quarter were recorded as care and maintenance expense and not as part of the mine operating cost.

All-in Sustaining Costs[3]

All-in sustaining cost per ounce of gold sold described above was $1,580 for the three months ended June 30, 2020 compared to $1,254 per ounce during the prior-year period, directly impacted by low sales ounces in the quarter.

Exploration Activities

Due to COVID-19, exploration was halted in April and May and re-started in June with 634 meters of drilling in the Diluvio and Marianas areas.

Capital Expenditures

Capital expenditures were also halted for the first two months of the quarter and were re-started in June with a cost of $1.1 million compared to $4.5 in the same quarter of the previous year and primarily related to underground mine infrastructure and development. There was no new equipment acquired during the quarter.

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

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

(in millions of U.S. dollars, unless otherwise stated) (iii)		Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Ore & Metals									
Ore milled	*tonnes*	0	162,408	161,914	159,450	167,588	178,771	183,158	159,608
Gold produced	*ounces*	0	11,587	12,274	14,481	15,532	17,614	22,465	17,465
Silver produced	*ounces*	0	52,207	44,809	37,462	51,354	57,681	119,039	88,390
Gold sold	*ounces*	3,061	9,685	13,628	13,187	16,440	17,520	14,373	19,534
Silver sold	*ounces*	14,747	41,794	46,722	35,587	56,484	62,581	90,135	85,376
Average gold grade	*grams/t*	0.0	2.4	2.5	2.9	3.0	3.2	4.0	3.5
Average silver grade	*grams/t*	0.00	26.97	27.37	22.60	27.24	27.31	44.78	39.40
Average gold recovery rate	*%*	0.0	93.9	94.8	95.9	95.9	96.2	96.3	96.6
Average silver recovery rate	*%*	0.0	37.1	31.4	32.3	35.0	36.8	45.2	43.7
Realized Price									
Average realized gold price (i,ii)	*$/ounce*	1,436	1,441	1,395	1,382	1,283	1,271	1,247	1,210
Average realized silver price (i,ii)	*$/ounce*	15	16	17	17	15	16	15	15
Non-IFRS Performance Measures									
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,130	1,282	1,244	1,095	1,053	806	639	904
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,580	1,883	1,388	1,354	1,254	1,105	808	1,059
Co-product cash costs per ounce of silver sold (i,ii)	*$/ounce*	12	14	15	14	12	10	10	10
Co-product all-in sustaining costs per ounce of silver sold (i,ii)	*$/ounce*	17	21	17	17	15	13	13	12
By-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	1,114	1,274	1,237	1,086	1,044	786	609	884
By-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,587	1,904	1,388	1,353	1,252	1,098	795	1,046
Financial Measures									
Gold revenue	*m $*	4.4	13.9	18.9	18.1	21.0	22.2	17.8	23.5
Silver revenue	*m $*	0.2	0.7	0.8	0.6	0.8	1.0	0.5	1.5
Total revenue	*m $*	4.6	14.5	19.7	18.7	21.8	23.1	18.2	25.0
Mine operating income / (loss)	*m $*	(0.4)	(2.0)	(3.2)	(0.4)	(1.3)	3.7	5.3	1.0
Exploration, evaluation & pre-development expense	*m $*	0.0	0.7	-	0.6	0.1	0.6	-	0.6
Capital									
Total capital expenditures	*m $*	1.1	4.8	4.4	3.9	4.5	6.1	3.1	5.5
Capital expenditures - sustaining (i,ii)	*m $*	0.9	4.5	2.0	1.9	2.4	4.2	1.6	1.9
Capital expenditures - expansionary (i,ii)	*m $*	0.2	0.3	2.4	1.9	2.0	1.9	1.6	3.6

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

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

(iii) May not add due to rounding.

South Arturo Mine

The South Arturo mine is located 45 kilometres northwest of the town of Carlin, Nevada, USA. Operations exploit a Carlin-style disseminated gold deposit via open pit mining. A new open pit (Phase 1) is under development adjacent to the Phase 2 pit. The El Nino underground workings have extended from the bottom of the Phase 2 pit and are more than three months ahead of schedule. Premier holds a 40% interest in South Arturo while Barrick holds the remaining 60% and is the operator for the joint venture.

		Three months ended June 30		Six months ended June 30	
(in millions of U.S. dollars, unless otherwise stated) (iv)		**2020**	**2019**	**2020**	**2019**
Ore & Metals					
Ore milled	*tonnes*	17,863	8,447	45,032	8,447
Gold produced	*ounces*	4,765	918	11,495	918
Gold sold	*ounces*	6,321	918	11,628	918
Silver produced	*ounces*	567	438	1,192	438
Average gold grade	*grams/t*	9.3	4.1	8.9	4.5
Average gold recovery rate	*%*	89.0	82.5	89.4	0.8
Realized Price					
Average realized gold price (i,ii)	*$/ounce*	1,616	1,271	1,579	1,271
Non-IFRS Performance Measures					
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	990	308	983	308
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,026	768	1,031	768
By-product cash costs per ounce of gold sold (i,ii,iii)	*$/ounce*	990	308	983	308
By-product all-in sustaining costs per ounce of gold sold (i,ii,iii)	*$/ounce*	1,026	768	1,031	768
Financial Measures					
Gold revenue	*m $*	10.2	1.2	18.4	1.2
Mine operating income	*m $*	2.6	0.7	4.1	0.7
Exploration, evaluation & pre-development expense	*m $*	-	0.1	-	0.1
Capital					
Total capital expenditures	*m $*	0.5	5.9	-	10.6
Capital expenditures - sustaining (i,ii)	*m $*	-	-	-	-
Capital expenditures - expansionary (i,ii)	*m $*	0.5	5.9	-	10.6

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

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

(iv) May not add due to rounding.

Production

South Arturo production for the second quarter of 2020 was 4,765 ounces of gold and 567 ounces of silver. Production during the quarter came exclusively from the El Nino underground workings. Production here was largely unaffected by COVID-19 and was in line with expectations. Very little ore processing occurred in June due to planned maintenance on the roaster. Ore mined during June was stockpiled for processing in the third quarter.

Sales and Revenue

A total of 6,321 ounces of gold were sold during the second quarter of 2020 at an average realized price of $1,616 per ounce compared to 918 ounces at $ $1,271 per ounce in the prior-year. Gold revenue generated from gold sales during the period was $10.2 million compared to $1.2 in the prior-year period.

Cash Costs[1]

Co-product cash cost per ounce of gold sold was $990 for the quarter as compared to $308 during the second quarter of 2019, where the ounces for that year were a part of the lower cost open pit stockpile.

PREMIER GOLD MINES LIMITED

All-in Sustaining Costs[1]

All-in sustaining cost per ounce of gold sold was $1,026 during the second quarter of 2020 compared to $768 during the second 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 second quarter of 2020 were in line with the plan to concentrate on the current mining of the underground ore from El Nino.

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)		Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Ore & Metals									
Ore milled	*tonnes*	17,863	27,170	21,800	14,835	8,447	-	5,286	21,334
Gold produced	*ounces*	4,765	6,730	4,606	2,003	918	-	577	2,635
Gold sold	*ounces*	6,321	5,307	6,281	-	918	-	1,280	1,932
Silver produced	*ounces*	567	625	691	394	438	-	1,691	1,122
Average gold grade	*grams/t*	9.3	8.6	7.7	5.1	4.1	-	4.1	4.5
Average gold recovery rate	*%*	89.0	89.7	85.4	82.4	82.5	-	82.2	85.7
Realized Price									
Average realized gold price (i,ii)	*$/ounce*	1,616	1,535	1,462	-	1,271	-	1,279	1,200
Non-IFRS Performance Measures									
Co-product cash costs per ounce of gold sold (i,ii)	*$/ounce*	990	976	748	-	308	-	385	396
Co-product all-in sustaining costs per ounce of gold sold (i,ii)	*$/ounce*	1,026	1,038	846	-	768	-	678	498
By-product cash costs per ounce of gold sold (i,ii,iii)	*$/ounce*	990	976	748	-	308	-	385	396
By-product all-in sustaining costs per ounce of gold sold (i,ii,iii)	*$/ounce*	1,026	1,038	846	-	768	-	678	498
Financial Measures									
Gold revenue	*m $*	10.2	8.1	9.2	-	1.2	-	1.6	2.3
Mine operating income	*m $*	2.6	1.5	4.1	-	0.7	-	0.8	1.0
Exploration, evaluation & pre-development expense	*m $*	-	-	-	-	0.1	-	0.2	0.4
Capital									
Total capital expenditures	*m $*	0.5	(0.4)	9.1	8.3	5.9	4.6	3.6	2.8
Capital expenditures - sustaining (i,ii)	*m $*	-	-	0.2	-	-	-	-	-
Capital expenditures - expansionary (i,ii)	*m $*	0.5	(0.4)	8.9	8.3	5.9	4.6	3.6	2.8

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

(ii) Cash costs, all-in sustaining costs, 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.

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 are applied where an engineering assessment of the project has been carried out.

(in thousands of U.S. dollars) [i]	Six months ended June 30, 2020	Year ended December 31, 2019
Northern Empire Mill, Ontario, Canada	1,471	1,532
Hasaga, Ontario, Canada	205	214
McCoy-Cove, Nevada, USA	4,125	4,068
South Arturo, Nevada, USA	3,475	3,159
Mercedes, Sonora, Mexico	11,367	11,016
	20,643	**19,989**

[i] May not add due to rounding.

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

There were no reclamation expenditures for the second 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 remainder of 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 second 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 are scheduled to 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 second 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 June 30, 2020:

						As at June 30, 2020
(in thousands of U.S. dollars)	2020	2021	2022	2023	2024 and later	Total
Contracts and lease liabilities	1,075	209	23	2	-	1,309
Expenditure commitment from the issue of flow-through shares	2,459	-	-	-	-	2,459
Exploration expenditure commitment - Rye Vein project	2,861	-	-	-	-	2,861
Provisions for environmental rehabilitation [i]	210	41	542	4,290	2,227	7,310
	6,605	**250**	**565**	**4,292**	**2,227**	**13,939**

[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 June 30, 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

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 $3 million expenditures deadline to August 1, 2021. As of June 30, 2020, the Company has spent a total of $1.1 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 June 30		Six months ended June 30	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Salary, wages and benefits	1,148	873	2,752	1,620
Share-based payments	-	1,472	1,268	1,472
	1,148	**2,345**	**4,020**	**3,092**

Directors remuneration includes the following amounts:

	Three months ended June 30		Six months ended June 30	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Fees earned and other remuneration	90	200	183	257
Share-based payments	-	181	236	181
	90	**381**	**419**	**438**

Litigation and Claims

Share purchase transaction

Yamana Gold Inc. and certain of its affiliates (collectively, "Yamana")commenced a claim in 2018 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 improved.

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 completed examinations for discovery on July 22, 2020, and the trial previously scheduled to begin on October 25, 2020 has been rescheduled for the weeks of January 11 and 18, 2021 due to the court's availability in light of the COVID-19 pandemic. 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 period ended June 30, 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:

Impairment and reversal of impairment for non-current assets

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

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

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 June 30, 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.

Recoverable ounces

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

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

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.

<u>All-in Sustaining Costs</u>

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 and six months ended June 30, 2020 and 2019:

	Three months ended June 30		Six months ended June 30	
(in thousands of U.S. dollars unless otherwise indicated)	2020	2019	2020	2019
Net loss	(14,114)	(10,072)	(25,983)	(11,005)
Other expense adjustments	-	-	-	-
Adjusted Net loss (i)	**(14,114)**	**(10,072)**	**(25,983)**	**(11,005)**
Net loss per share	(0.06)	(0.05)	(0.11)	(0.05)
Adjusted net loss per share	(0.06)	(0.05)	(0.11)	(0.05)

(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 and six months ended June 30, 2020 and 2019:

	Three months ended June 30		Six months ended June 30	
(in thousands of U.S. dollars)	2020	2019	2020	2019
Loss for the period	(14,114)	(10,072)	(25,983)	(11,005)
Depreciation	4,617	5,530	9,730	10,382
Interest	822	800	1,589	1,164
Taxes	38	83	403	240
EBITDA (i)	**(8,637)**	**(3,659)**	**(14,261)**	**781**
Adjusted EBITDA (i)	(8,637)	(3,659)	(14,261)	781

(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 June 30, 2020:

For the three months ended June 30, 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	3,534	1,155	6,292	995	9,826	1,047	179	12	10,005
Depletion, depreciation and amortization	1,201	392	1,351	214	2,551	272	61	4	2,612
Total cost of sales	**4,735**	1,547	**7,642**	**1,209**	**12,378**	**1,319**	240	**16**	**12,618**
Depletion, depreciation and amortization	(1,201)	(392)	(1,351)	(214)	(2,551)	(272)	(61)	(4)	(2,612)
Royalty tax	14	5	-	-	14	2	1	0	15
Other costs (ii)	(91)	(30)	(34)	(5)	(125)	(13)	(5)	(0)	(130)
Cash cost : co-product	**3,458**	**1,130**	**6,257**	**990**	**9,716**	**1,036**	**175**	**12**	**9,891**
General and administrative	363	118	219	35	582	62	18	1	600
Rehabilitation - accretion and amortization	147	48	1	0	149	16	7	1	156
Sustaining capital expenditures	860	281	-	-	860	92	44	3	904
Sustaining exploration and evaluation expense	7	2	7	1	14	1	0	0	14
All-in sustaining cost : co-product	**4,835**	**1,580**	**6,484**	**1,026**	**11,320**	**1,207**	**245**	**17**	**11,564**
Total ounces produced		**-**		**4,765**		**4,765**		**-**	
Total ounces sold		**3,061**		**6,321**		**9,382**		**14,747**	

(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 June 30, 2019:

For the three months ended June 30, 2019

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

	Mercedes		South Arturo iii		Consolidated Gold		Mercedes		
Co-Product	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Silver 000$**	**Per silver ounce sold**	**Total 000$**
Cost of sales excluding depletion, depreciation and amortization	17,319	1,053	316	345	17,635	1,016	690	12	18,325
Depletion, depreciation and amortization	4,951	301	179	195	5,130	296	197	3	5,327
Total cost of sales	**22,270**	**1,355**	**495**	**539**	**22,765**	**1,312**	**887**	**16**	**23,653**
Depletion, depreciation and amortization	(4,951)	(301)	(179)	(195)	(5,130)	(296)	(197)	(3)	(5,327)
Royalty tax	110	7	-	-	110	6	4	0	114
Other costs (ii)	(111)	(7)	(34)	(37)	(145)	(8)	(4)	(0)	(150)
Cash cost : co-product	**17,318**	**1,053**	**282**	**308**	**17,600**	**1,014**	**690**	**12**	**18,290**
General and administrative	535	33	272	296	807	46	21	0	828
Rehabilitation - accretion and amortization	345	21	56	61	401	23	14	0	415
Sustaining capital expenditures	2,344	143	-	-	2,344	135	93	2	2,437
Sustaining exploration and evaluation expense	66	4	96	104	162	9	3	0	165
All-in sustaining cost : co-product	**20,608**	**1,254**	**705**	**768**	**21,314**	**1,228**	**821**	**15**	**22,135**
Total ounces produced		**15,532**		**917**		**16,449**		**51,353**	
Total ounces sold (iii)		**16,440**		**918**		**17,358**		**56,484**	

(i) Results may not add due to rounding

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

(iii) South Arturo is in development phase

The following table provides a reconciliation on a co-product basis for cash cost and AISC cost for the six months ended June 30, 2020:

For the six months ended June 30, 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	16,040	1,258	11,554	994	27,594	1,132	776	14	28,370
Depletion, depreciation and amortization	4,499	353	2,731	235	7,230	297	218	4	7,448
Total cost of sales	**20,540**	**1,611**	**14,284**	**1,228**	**34,824**	**1,429**	**995**	**18**	**35,819**
Depletion, depreciation and amortization	(4,499)	(353)	(2,731)	(235)	(7,230)	(297)	(218)	(4)	(7,448)
Royalty tax	92	7	-	-	92	4	4	0	96
Other costs [(ii)]	(262)	(21)	(118)	(10)	(380)	(16)	(13)	(0)	(393)
Cash cost : co-product	**15,870**	**1,245**	**11,435**	**983**	**27,305**	**1,120**	**768**	**14**	**28,074**
General and administrative	967	76	533	46	1,500	62	47	1	1,547
Rehabilitation - accretion and amortization	402	32	9	1	411	17	20	0	431
Sustaining capital expenditures	5,198	408	-	-	5,198	213	251	4	5,449
Sustaining exploration and evaluation expense	637	50	13	1	650	27	30	1	680
All-in sustaining cost : co-product	**23,073**	**1,810**	**11,991**	**1,031**	**35,064**	**1,439**	**1,116**	**20**	**36,180**
Total ounces produced		**11,587**		**11,495**		**23,082**		**52,207**	
Total ounces sold [(iii)]		**12,746**		**11,628**		**24,374**		**56,541**	

[(i)] Results may not add due to rounding
[(ii)] General and administrative expenses that align with all-in sustaining costs
[(iii)] Given the smaller nature of South Arturo silver output, any silver revenue received offset costs

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

For the six months ended June 30, 2019									
in thousands of U.S. dollars, except per ounce information in dollars [(i)]									
	Mercedes		South Arturo		Consolidated Gold		Mercedes		
Co-Product	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Gold 000$**	**Per gold ounce sold**	**Silver 000$**	**Per silver ounce sold**	**Total 000$**
Cost of sales excluding depletion, depreciation and amortization	31,425	925	316	345	31,741	910	1,305	11	33,047
Depletion, depreciation and amortization	9,466	279	179	195	9,645	277	394	3	10,039
Total cost of sales	**40,891**	**1,204**	**495**	**539**	**41,386**	**1,187**	**1,699**	**14**	**43,086**
Depletion, depreciation and amortization	(9,466)	(279)	(179)	(195)	(9,645)	(277)	(394)	(3)	(10,039)
Royalty tax	224	7	-	-	224	6	9	0	233
Other costs [(ii)]	(202)	(6)	(34)	(37)	(235)	(7)	(8)	(0)	(244)
Cash cost : co-product	**31,447**	**926**	**282**	**308**	**31,730**	**910**	**1,306**	**11**	**33,036**
General and administrative	820	24	272	296	1,092	31	34	0	1,126
Rehabilitation - accretion and amortization	693	20	56	61	749	21	29	0	777
Sustaining capital expenditures	6,338	187	-	-	6,338	182	268	2	6,605
Sustaining exploration and evaluation expense	675	20	96	104	771	22	29	0	800
All-in sustaining cost : co-product	**39,974**	**1,177**	**705**	**768**	**40,679**	**1,166**	**1,666**	**14**	**42,345**
Total ounces produced		**33,146**		**917**		**34,063**		**109,034**	
Total ounces sold [(iii)]		**33,960**		**918**		**34,878**		**119,065**	

[(i)] Results may not add due to rounding
[(ii)] General and administrative expenses that align with all-in sustaining costs
[(iii)] Given the smaller nature of South Arturo silver output, any silver revenue received offset costs

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the three months ended June 30, 2020:

For the three months ended June 30, 2020

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

By-Product	Mercedes 000$	Mercedes Per gold ounce sold	South Arturo 000$	South Arturo Per gold ounce sold	Total 000$	Total Per gold ounce sold
Cost of sales excluding depletion, depreciation and amortization	3,713	1,213	6,292	995	10,005	1,066
Depletion, depreciation and amortization	1,262	412	1,351	214	2,612	278
Total cost of sales	**4,975**	**1,625**	**7,642**	**1,209**	**12,618**	**1,345**
Depletion, depreciation and amortization	(1,262)	(412)	(1,351)	(214)	(2,612)	(278)
Royalty tax	15	5	-	-	15	2
By-product credits	(223)	(73)	-	-	(223)	(24)
Other costs [ii]	(95)	(31)	(34)	(5)	(130)	(14)
Cash cost : by-product	**3,411**	**1,114**	**6,257**	**990**	**9,668**	**1,030**
General and administrative	381	124	219	35	600	64
Rehabilitation - accretion and amortization	155	51	1	0	156	17
Sustaining capital expenditures	904	295	-	-	904	96
Sustaining exploration and evaluation expense	7	2	7	1	14	1
All-in sustaining cost : by-product	**4,857**	**1,587**	**6,484**	**1,026**	**11,342**	**1,209**
Total gold ounces produced		**-**		**4,765**		**4,765**
Total ounces sold [iii]		**3,061**		**6,321**		**9,382**

[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 June 30, 2019:

For the three months ended June 30, 2019

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

By-Product	Mercedes 000$	Mercedes Per gold ounce sold	South Arturo [iii] 000$	South Arturo [iii] Per gold ounce sold	Total 000$	Total Per gold ounce sold
Cost of sales excluding depletion, depreciation and amortization	18,009	1,095	316	345	18,325	1,056
Depletion, depreciation and amortization	5,148	313	179	195	5,327	307
Total cost of sales	**23,158**	**1,409**	**495**	**539**	**23,653**	**1,363**
Depletion, depreciation and amortization	(5,148)	(313)	(179)	(195)	(5,327)	(307)
Royalty tax	114	7	-	-	114	7
By-product credits	(840)	(51)	-	-	(840)	(48)
Other costs [ii]	(116)	(7)	(34)	(37)	(150)	(9)
Cash cost : by-product	**17,167**	**1,044**	**282**	**308**	**17,449**	**1,005**
General and administrative	556	34	272	296	828	48
Rehabilitation - accretion and amortization	359	22	56	61	415	24
Sustaining capital expenditures	2,437	148	-	-	2,437	140
Sustaining exploration and evaluation expense	69	4	96	104	165	9
All-in sustaining cost : by-product	**20,589**	**1,252**	**705**	**768**	**21,294**	**1,227**
Total gold ounces produced		**15,532**		**917**		**16,449**
Total gold ounces sold		**16,440**		**918**		**17,358**

[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

PREMIER GOLD MINES LIMITED

The following table provides a reconciliation on a by-product basis for gold cash cost and AISC for the six months ended June 30, 2020:

For the six months ended June 30, 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	16,817	1,319	11,554	994	28,370	1,164
Depletion, depreciation and amortization	4,718	370	2,731	235	7,448	306
Total cost of sales	**21,534**	**1,690**	**14,284**	**1,228**	**35,819**	**1,470**
Depletion, depreciation and amortization	(4,718)	(370)	(2,731)	(235)	(7,448)	(306)
Royalty tax	96	8	-	-	96	4
By-product credits	(889)	(70)	-	-	(889)	(36)
Other costs [ii]	(275)	(22)	(118)	(10)	(393)	(16)
Cash cost : by-product	**15,749**	**1,236**	**11,435**	**983**	**27,184**	**1,115**
General and administrative	1,014	80	533	46	1,547	63
Rehabilitation - accretion and amortization	422	33	9	1	431	18
Sustaining capital expenditures	5,449	427	-	-	5,449	224
Sustaining exploration and evaluation expense	667	52	13	1	680	28
All-in sustaining cost : by-product	**23,300**	**1,828**	**11,991**	**1,031**	**35,291**	**1,448**
Total gold ounces produced		**11,587**		**11,495**		**23,082**
Total ounces sold		**12,746**		**11,628**		**24,374**

[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 six months ended June 30, 2019:

For the six months ended June 30, 2019						
in thousands of U.S. dollars, except per ounce information in dollars [i]	Mercedes		South Arturo		Total	
By-Product	**000$**	**Per gold ounce sold**	**000$**	**Per gold ounce sold**	**000$**	**Per gold ounce sold**
Cost of sales excluding depletion, depreciation and amortization	32,730	964	316	345	33,047	947
Depletion, depreciation and amortization	9,860	290	179	195	10,039	288
Total cost of sales	**42,591**	**1,254**	**495**	**539**	**43,086**	**1,235**
Depletion, depreciation and amortization	(9,860)	(290)	(179)	(195)	(10,039)	(288)
Royalty tax	233	7	-	-	233	7
By-product credits	(1,811)	(53)	-	-	(1,811)	(52)
Other costs [ii]	(210)	(6)	(34)	(37)	(244)	(7)
Cash cost : by-product	**30,942**	**911**	**282**	**308**	**31,225**	**895**
General and administrative	854	25	272	296	1,126	32
Rehabilitation - accretion and amortization	722	21	56	61	777	22
Sustaining capital expenditures	6,605	195	-	-	6,605	189
Sustaining exploration and evaluation expense	704	21	96	104	800	23
All-in sustaining cost : by-product	**39,828**	**1,173**	**705**	**768**	**40,533**	**1,162**
Total gold ounces produced		**33,146**		**917**		**34,063**
Total gold ounces sold		**33,960**		**918**		**34,878**

[i] Results may not add due to rounding

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

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

RISKS AND RISK MANAGEMENT

Financial Instruments and Related Risks

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

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

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

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

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

COVID-19 and Other Global Pandemics

On March 30, 2020, in response to the Decree issued by the Government of Mexico for all non-essential businesses in the country to temporarily suspend operations in order to mitigate the spread of COVID-19, operations at Mercedes mine were halted. Operations at the El Nino mine in Nevada were not affected to the same degree with operations continuing to date.

The Mexico decree provided for certain exemptions that allowed the Company to have a care and maintenance crew at Mercedes mine during the suspension of operations. Although the Decree was extended to May 30, 2020, the Federal government created exemptions including one that permitted businesses in municipalities with low infection rates to re-open on May 18, 2020. Given the low infection rate in the area of operations, the Company decided that the Mercedes operations would re-start partially at the conclusion of the planned care and maintenance shutdown. As such, mining activities were ramped up from the restart in mid May through June with the processing plant restarted in July.

During the months of April, May and June the Company continued to pay taxes, royalties, duties and all other accounts payable, including full wages to all of its employees. However, as a two-asset producer, continuing to make payments with significantly reduced operations is not sustainable for an extended period of time. While the majority of our employee and contractor teams are currently operating following the extensive contagion prevention measures that have been put in place to protect the operations teams and the surrounding communities, the ever changing nature of the contingency may have a material adverse impact on the Company as it could result in further disruptions to production, delays in the development timeline and increased costs. In addition, government authorities could impose new or additional requirements resulting in further limitations on the activities, or the suspension of all activities.

Alternatively, in the event of an outbreak of COVID-19 at either mine site, government authorities, either federally or locally, or the Company could determine that a full suspension of all of its operations is necessary for the safety and protection of the workers. A complete suspension of operations at Mercedes beyond the current reduced operations could result in further delays in production, the development of the project, result in additional increases in costs and have a material adverse effect on the financial position of the Company. If Mexican authorities were to impose a new suspension order caused by the COVID-19 virus outbreak beyond the one for April and May 2020, or if there is a full suspension of operations at Mercedes for an undefined period of time there could be additional medical and other costs to be incurred, project delays, cost overruns, and operational restart costs. Moreover, the actual and threatened further spread of COVID-19 globally could continue to negatively impact stock markets, including the trading price of the Company's Common Shares, could adversely impact the Company's ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing more challenging or more expensive and could result in any operations affected by COVID-19 becoming subject to quarantine. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations.

Fluctuating Commodity Prices

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

Dependence on Key Personnel

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

Dependence on Third Parties

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

No Assurance of Title

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

Construction and Start-up of New Mines

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

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations, and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. Where required, obtaining necessary licenses and permits can be a complex and time-consuming process. The costs and delays associated with obtaining necessary licences and permits could stop or materially delay or restrict the Company from proceeding with the development of an exploration project. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its mineral projects or 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 June 30, 2020, 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
August 4, 2020