PREMIER
GOLD MINES LIMITED

Condensed Consolidated Interim Financial Statements

September 30, 2020

(Unaudited)

(Stated in thousands of United States Dollars)

NOTICE TO SHAREHOLDERS

For The Three and Nine Months Ended September 30, 2020

Premier Gold Mines Limited

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

PREMIER GOLD MINES LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Stated in thousands of United States Dollars)
(Unaudited)

	Note	September 30, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	5	**$ 51,936**	$ 58,408
Receivables	6	**11,192**	13,320
Inventory	7	**20,427**	22,521
Prepaids and deposits		**2,987**	1,747
Other assets	8	**650**	547
Total current assets		**87,192**	96,543
Non-current assets			
Restricted cash and cash equivalents	9	**7,049**	6,600
Long-term inventory	7	**3,125**	3,281
Other long-term assets	10	**752**	1,777
Property, plant and equipment	11	**295,651**	300,440
Total non-current assets		**306,577**	312,098
Total assets		**$ 393,769**	$ 408,641
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**$ 19,496**	$ 51,971
Taxes payable		**1,165**	434
Current portion of deferred revenue	12	**4,426**	5,608
Current portion of long-term debt	13	**21,411**	18,505
Current provision for environmental rehabilitation	14	**433**	111
Current portion of other liabilities	15	**5,876**	3,691
Total current liabilities		**52,807**	80,320
Non-current liabilities			
Deferred taxes		**9,130**	10,498
Deferred revenue	12	**8,496**	-
Long-term debt	13	**16,762**	19,370
Provision for environmental rehabilitation	14	**22,606**	19,878
Other liabilities	15	**1,083**	274
Total non-current liabilities		**58,077**	50,020
Total liabilities		**110,884**	130,340
EQUITY			
Share capital		**574,756**	548,240
Reserves		**(15,492)**	(17,937)
Deficit		**(276,379)**	(252,002)
Total equity		**282,885**	278,301
Total liabilities and equity		**$ 393,769**	$ 408,641

Commitments [Note 27]

Contingencies [Note 30]

See accompanying notes to the condensed consolidated interim financial statements

Approved by the Board of Directors and authorized for issue on November 3, 2020

"John Seaman"
Director

"Ewan Downie"
Director

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

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

	Note	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenue		**$ 30,465**	$ 18,750	**$ 67,969**	$ 64,860
Cost of sales		**(11,899)**	(14,847)	**(40,270)**	(47,893)
Depletion, depreciation and amortization	11	**(4,662)**	(4,344)	**(12,111)**	(14,383)
Mine operating income / (loss)		**13,904**	(441)	**15,588**	2,584
Expenses					
Exploration, evaluation, and pre-development	19	**6,171**	6,486	**13,916**	18,022
Property maintenance		**282**	(12)	**709**	291
General and administrative	20	**2,295**	2,188	**8,404**	7,117
Share-based payments	16(f)	**1,611**	760	**4,532**	3,234
Care and maintenance	21	**-**	-	**5,115**	-
Restructuring cost	22	**-**	-	**1,905**	-
Income / (loss) before the following		**3,545**	(9,863)	**(18,993)**	(26,080)
Other income / (expense)	23	**(526)**	6,536	**(1,709)**	13,460
Finance expense	24	**(1,104)**	(565)	**(2,963)**	(2,037)
Income / (loss) before income taxes		**1,915**	(3,892)	**(23,665)**	(14,657)
Current tax expense		**(886)**	(441)	**(1,951)**	(1,235)
Deferred tax recovery		**577**	268	**1,239**	822
Income / (loss) for the period		**1,606**	(4,065)	**(24,377)**	(15,070)
Other comprehensive income / (loss)					
Exchange gain / (loss) on translation of foreign operations		**1,408**	819	**920**	(1,004)
Total comprehensive income / (loss) for the period		**$ 3,014**	$ (3,246)	**$ (23,457)**	$ (16,074)
Basic and diluted income / (loss) per share	17	**$ 0.01**	$ (0.02)	**$ (0.11)**	$ (0.07)
Weighted average number of shares outstanding					
Basic	17	**237,091,684**	210,451,678	**231,404,995**	209,623,725
Diluted	17	**245,680,389**	210,451,678	**231,404,995**	209,623,725

See accompanying notes to the condensed consolidated interim financial statements

PREMIER GOLD MINES LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Stated in thousands of United States Dollars)
(Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2020**	2019	**2020**	2019
OPERATING ACTIVITIES					
Income / (loss) for the period		**$ 1,606**	$ (4,065)	**$ (24,377)**	$ (15,070)
Items not affecting cash					
Non-cash revenue on metal agreements		**(2,240)**	(3,303)	**(9,511)**	(10,377)
Depletion, depreciation and amortization	11	**4,878**	4,533	**14,609**	14,915
Greenstone Gold non-cash operating expenses		**2,784**	4,668	**7,162**	11,832
Non-cash share-based payments		**(600)**	(262)	**2,311**	2,212
Re-measurement of environmental rehabilitation provision	14	**108**	113	**108**	113
Gain attributable to Greenstone Gold development commitment	23	**(2,784)**	(4,668)	**(7,162)**	(11,832)
Other non-cash items included in other income	18(ii)	**3,120**	(2,125)	**9,893**	(729)
Finance expense	24	**1,104**	565	**2,963**	2,037
Deferred tax recovery		**(577)**	(268)	**(1,239)**	(822)
Change in non-cash working capital balances related to operations	18(i)	**(4,101)**	13,448	**(31,179)**	8,177
Cash provided by / (used in) operating activities		**$ 3,298**	$ 8,636	**$ (36,422)**	$ 456
INVESTMENT ACTIVITIES					
Proceeds from the sale of investments		**-**	-	**-**	66
Capital expenditures on property, plant and equipment		**(2,302)**	(12,585)	**(8,555)**	(38,391)
Proceeds on disposal of royalties	11(c)	**-**	5,976	**-**	5,976
Proceeds on disposal of property, plant and equipment		**-**	-	**132**	239
Environmental liability security placed		**(211)**	(273)	**(726)**	(727)
Reclamation expenditures charged to the provision for environmental rehabilitation		**-**	(282)	**-**	(282)
Cash used in investment activities		**$ (2,513)**	$ (7,164)	**$ (9,149)**	$ (33,119)
FINANCING ACTIVITIES					
Tax refund and interest received		**-**	1,428	**-**	1,506
Proceeds from Investec draw	13	**-**	7,500	**-**	7,500
Proceeds from the silver stream contract modification		**-**	-	**-**	10,000
Net proceeds from gold prepay	4(b)	**-**	-	**14,938**	-
Finance fees paid		**(83)**	(1,956)	**(621)**	(2,309)
Interest paid		**(403)**	(256)	**(1,360)**	(801)
Repayment of lease liability		**(113)**	(28)	**(380)**	(162)
Proceeds from shares issued in financing arrangement		**-**	-	**-**	8,341
Proceeds from shares issued in public offering	16(b)	**-**	-	**28,377**	-
Proceeds from the exercise of stock options		**144**	16	**144**	16
Share issue costs		**(5)**	(16)	**(1,574)**	(358)
Cash provided by / (used in) financing activities		**$ (460)**	$ 6,688	**$ 39,524**	$ 23,733
Change in cash and cash equivalents during the period		**325**	8,160	**(6,047)**	(8,930)
Cash and cash equivalents, beginning of the period		**51,134**	26,390	**58,408**	43,882
Effect of exchange rate changes on cash held		**477**	(1,487)	**(425)**	(1,889)
Cash and cash equivalents, end of period		**$ 51,936**	$ 33,063	**$ 51,936**	$ 33,063

Supplemental cash flow information [Note 18]

See accompanying notes to the condensed consolidated interim financial statements

PREMIER GOLD MINES LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

	Share Capital		Reserves				
Issued and outstanding	Number of shares	Share capital	Equity settled employee benefits	Contributed surplus	Foreign currency translation	Deficit	Total equity
Balance as at December 31, 2018	203,214,036	$ 538,129	$ 34,171	$ 8,267	$ (60,682)	$ (232,050)	$ 287,835
Exercise of stock options	30,000	51	(16)	-	-	-	35
Equity settled share-based payments	-	-	1,943	-	-	-	1,943
Shares issued in relation to revolving Investec credit facility	216,446	250	-	-	-	-	250
Shares issued in private placement	7,000,000	8,341	-	-	-	-	8,341
Share issue costs	-	(640)	-	-	-	-	(640)
Comprehensive loss for the period	-	-	-	-	(1,004)	(15,070)	(16,074)
Balance as at September 30, 2019	210,460,482	546,131	36,098	8,267	(61,686)	(247,120)	281,690
Shares issued in private placement	1,500,000	3,176	-	-	-	-	3,176
Deferred flow through premium	-	(889)	-	-	-	-	(889)
Share issue costs	-	(178)	-	-	-	-	(178)
Comprehensive loss for the period	-	-	-	-	(616)	(4,882)	(5,498)
Balance as at December 31, 2019	211,960,482	548,240	36,098	8,267	(62,302)	(252,002)	278,301
Exercise of stock options	-	-	(77)	-	-	-	(77)
Equity settled share-based payments	-	-	1,602	-	-	-	1,602
Shares issued in equity financing	25,435,000	28,598	-	-	-	-	28,598
Share issue costs	-	(2,082)	-	-	-	-	(2,082)
Comprehensive loss for the period	-	-	-	-	920	(24,377)	(23,457)
Balance as at September 30, 2020	**237,395,482**	**$ 574,756**	**$ 37,623**	**$ 8,267**	**$ (61,382)**	**$ (276,379)**	**$ 282,885**

See accompanying notes to the condensed consolidated interim financial statements

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

1. NATURE OF BUSINESS

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019.

The unaudited condensed consolidated interim financial statements of the Company for the period ended September 30, 2020 were approved and authorized by the Board of Directors on November 3, 2020.

The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2019 and as discussed in Note 3 below.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2019 and as discussed in Note 3 below.

(Stated in thousands of United States Dollars, except for share data)

(b) Basis of consolidation

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

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

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(c) Functional and presentation currency

Functional currency

The functional currency of Premier Gold Mines Limited, the parent company, is the United States dollar ("USD" or "US dollars") which reflects the underlying transactions, events and conditions that are relevant to the entity. Management considers primary and secondary indicators in determining functional currency including the currency that influences sales prices, labour, purchases and other costs. Other indicators include the currency in which funds from financing activities are generated and the currency in which receipts from operations are usually retained. As the Company's Canadian subsidiaries have not commenced mining operations, primarily operate in Canadian dollars ("CAD") and are financed in CAD, management has determined that their functional currency is CAD. The Company's USA and Mexico mining, exploration and development subsidiaries operate with a functional currency of USD as the sales and majority of costs are incurred in USD. The international operations have deferred revenue and financing arrangements related to gold and silver sales denominated in USD, and as such the functional currency is USD. The holding companies have debt in Mexican pesos ("MXN") and accordingly have a functional currency of MXN.

Presentation currency

The Company's presentation currency is US dollars. Reference to $ or USD is to US dollars, reference to C$ or CAD is to Canadian dollars.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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 further amendments in 2020 as discussed in Note 4 of these 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 continue to be recorded as deferred revenue.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
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4. RECENT EVENTS

(a) COVID-19 update

Mercedes, Mexico

In response to the COVID-19 pandemic the Mexican federal government decreed on March 30, 2020 that most mining was not essential business activity. As a result, a care and maintenance plan was immediately implemented at Mercedes. The decree was lifted at the end of May and, 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. Ore was stockpiled in June and processing resumed in early July.

In an effort to protect workers and neighboring communities the Company implemented screening and testing procedures during the quarter. The Company utilizes protective measures including physical distancing, deep-cleaning, avoiding exposure for at-risk individuals and education on good hygiene.

South Arturo and McCoy-Cove, Nevada

Mining activities at South Arturo and exploration efforts at McCoy-Cove are continuing with no significant interruption to date.

Hasaga and Greenstone Gold, Ontario

The Company resumed exploration activities at Hasaga during the second quarter following the requirements and guidelines issued by local and regional authorities.

As the Greenstone offices and site remained closed during the quarter employees and consultants continued to work remotely as geological compilation and exploration targeting work was continued. Site offices reopened in July and environmental field work and exploration activities resumed during the third quarter. The managing partner will continue to monitor developments on a daily basis.

(b) Public offering and financing arrangement

Public offering

On March 4, 2020, the Company completed a public offering of 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. An aggregate of 25,335,000 Common Shares were issued by the Company at a price of C$1.50 per common share for aggregate gross proceeds of C$38.0 million.

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, 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, amending and restating the existing amended and restated gold prepay credit agreement dated January 31, 2019, and (ii) an amended and restated offtake agreement amending and restating the amended and restated offtake agreement dated January 31, 2019.

Gold prepay

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, 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 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 $0.16 million and fees of $0.40 million for net proceeds of $14.94 million.

The remaining terms of the second amended and restated gold prepay agreement remain substantially the same as the existing gold prepay agreement.

Offtake agreement

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. Under the terms of the second amended and restated offtake agreement, the annual gold quantity was increased to (i) 80,000 ounces for 2020, (ii) 85,000 ounces for 2021, and (iii) 90,000 ounces each year annually thereafter, subject to an annual maximum of 50,000 ounces from each of the Company's producing projects. Orion and the Company have also extended the term of the second amended and restated offtake agreement to March 1, 2027.

The remaining terms of the second amended and restated offtake agreement remain substantially the same as the existing offtake agreement.

Investec credit agreement

The Company also entered into a first amending agreement with Investec Bank plc ("Investec"), amending certain provisions contained in the credit agreement dated January 24, 2019 between the Company and Investec. 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. Refer to Note 15(iv) for further details.

(c) Financing agreement update

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 of these 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.

PREMIER GOLD MINES LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

5. CASH AND CASH EQUIVALENTS

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

	September 30, 2020	December 31, 2019
Cash	**$ 51,898**	$ 58,369
Short-term money market investments	**38**	39
Total cash and cash equivalents	**$ 51,936**	$ 58,408

6. RECEIVABLES

	September 30, 2020	December 31, 2019
Recoverable taxes (i)	**$ 7,055**	$ 12,016
Taxes receivable (ii)	**1,427**	714
Trade receivables (iii)	**59**	574
Other receivable (iv)	**2,651**	16
Total receivables	**$ 11,192**	$ 13,320

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

(ii) Taxes receivable are AMT recoverable due to the enactment of U.S. Tax Reform legislation on December 22, 2017. The Company has a total of $1.43 million in AMT credits which are expected to be fully realized by the Company within the next year a result of the Corona Virus Aid, Relief, and Economic Security ("CARES") Act which was enacted March 27, 2020.

(iii) Trade receivables are outstanding gold and silver invoices under contracts with Nomad.

(iv) The South Arturo project has a receivable of $2.65 million for an outstanding cash call from the co-owner.

7. INVENTORY

	September 30, 2020	December 31, 2019
Finished goods	**$ 4,089**	$ 3,381
Work-in-process	**126**	380
Current ore stockpiles	**1,114**	3,217
Materials and supplies	**15,098**	15,543
Total current inventory	**20,427**	22,521
Long-term ore stockpiles	**3,125**	3,281
Total inventory	**$ 23,552**	$ 25,802

The amount of inventory recognized as an expense for the three and nine months ended September 30, 2020 was $11.90 million and $40.27 million respectively ($14.85 million and $47.89 million, respectively, for the three and nine months ended September 30, 2019), and is included in cost of sales excluding depletion, depreciation and amortization. Long-term inventory is comprised of low grade ore not expected to be processed in the next year.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

8. OTHER ASSETS

	September 30, 2020	December 31, 2019
Investments (i)	**$ 79**	$ 31
Deferred finance costs (ii)	**571**	516
Total other assets	**$ 650**	$ 547

(i) The Company's investments consist of common shares and warrants held in Canadian publicly traded companies. Fair values of shares are determined at the closing price on September 30, 2020, unless the shares have a hold period in which case the initial fair market value difference from the cost is deferred until the hold period has expired. In the event of a hold period, the value of the shares are determined using the Black-Scholes option pricing model taking the restriction into account.

(ii) Current portion of deferred finance costs includes mandate, establishment and upfront advisory fees incurred to secure the Investec credit facility. These costs are amortized on a straight-line basis over the term of the facility.

9. RESTRICTED CASH AND CASH EQUIVALENTS

Property	September 30, 2020	December 31, 2019
Hardrock, Ontario (i)	**$ -**	$ 244
Northern Empire Mill, Ontario (ii)	**1,683**	1,729
McCoy-Cove, Nevada (iii)	**600**	600
South Arturo, Nevada (iv)	**4,766**	4,027
Total restricted cash and cash equivalents	**$ 7,049**	$ 6,600

(i) The Company had a C$0.63 million ($0.49 million) standby letter of credit outstanding in favour of the Ontario Ministry of Northern Development and Mines ("MNDM") relating to potential reclamation obligations of the Greenstone Gold property in Ontario. Security for the standby letter of credit, in the form of a guaranteed investment certificate, was held with the Royal Bank of Canada. As a result of the 50% divestment of the interest in the Greenstone Gold properties only C$0.32 million ($0.24 million) was recorded on the books of the Company. The funds held as security were returned to the Company during the third quarter.

(ii) The Company has a total of C$2.25 million ($1.68 million) in restricted cash and cash equivalents relating to reclamation obligations associated with the Northern Empire Mill in Ontario including:
- a C$0.15 million ($0.11 million) standby letter of credit with the Toronto Dominion Bank in the name of the Company's wholly owned subsidiary, Goldstone Resources Inc., and payable in favour of the MNDM;
- a C$1.68 million ($1.26 million) standby letter of credit with the Royal Bank of Canada and payable in favour of the MNDM; and
- C$0.42 million ($0.31 million) in financial assurance held directly by the MNDM.

(iii) The Company's wholly owned subsidiary, Au-reka Gold Corporation, has $0.60 million in restricted cash related to reclamation obligations associated with the McCoy-Cove property in Nevada held in trust with Lexon Surety Group as security for the surety bonds as further discussed in Note 27(b).

(iv) The Company has $4.77 million in restricted cash relating to the reclamation of the Company's 40% ownership of the South Arturo project.

PREMIER GOLD MINES LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

10. OTHER LONG-TERM ASSETS

	September 30, 2020	December 31, 2019
Receivable (i)	$ -	$ 1,427
Deferred finance costs (ii)	**1,323**	1,580
Total other long-term assets	**1,323**	3,007
Less current portion	**571**	1,230
Long-term portion	**$ 752**	$ 1,777

(i) Taxes receivable in the prior year are AMT recoverable due to the enactment of U.S. Tax Reform legislation on December 22, 2017, as further described in Note 6 of these financial statements. As a result of the CARES Act enacted March 27, 2020, the Company expects the AMT credits to be fully realized within the next year.

(ii) Deferred finance costs include mandate, establishment and upfront advisory fees incurred to secure the Investec credit facility. These costs are amortized on a straight-line basis over the term of the facility. $0.57 million of the asset represents the amount of costs to be amortized within the next year and is included within the current portion of other assets as disclosed in Note 8 of these financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

Cost	Mineral properties subject to depletion (i)	Mineral properties not subject to depletion (ii)	Buildings, plant and equipment	Total
Balance, January 1, 2019	$ 181,752	$ 111,957	$ 115,058	$ 408,767
Additions	20,275	20,557	11,345	52,177
Disposals	-	-	(77)	(77)
Change in estimate of environmental rehabilitation	(3,029)	790	-	(2,239)
Transfers	(3,408)	3,408	-	-
Foreign currency adjustment	-	3,053	285	3,338
Balance, December 31, 2019	195,590	139,765	126,611	461,966
IFRS 16 total transition adjustments	-	-	219	219
Balance, January 1, 2020	195,590	139,765	126,830	462,185
Additions	7,761	203	1,108	9,072
Disposals	-	(295)	(384)	(679)
Change in estimate of environmental rehabilitation	1,466	800	-	2,266
IFRS 16 right of use assets	-	-	74	74
Transfers	46	-	(46)	-
Foreign currency adjustment	-	(1,676)	(154)	(1,830)
Balance, September 30, 2020	**$ 204,863**	**$ 138,797**	**$ 127,428**	**$ 471,088**
Accumulated depreciation and impairment				
Balance, January 1, 2019	$ 112,002	$ 1,510	$ 25,855	$ 139,367
Depletion, depreciation and amortization	10,418	-	11,529	21,947
Disposals	-	-	(46)	(46)
Foreign currency adjustment	-	60	198	258
Balance, December 31, 2019	122,420	1,570	37,536	161,526
Depletion, depreciation and amortization (iii)	5,516	-	8,697	14,213
Disposals	-	-	(160)	(160)
Foreign currency adjustment	-	(34)	(108)	(142)
Balance, September 30, 2020	**$ 127,936**	**$ 1,536**	**$ 45,965**	**$ 175,437**
Carrying amounts				
Balance, December 31, 2019	$ 73,170	$ 138,195	$ 89,075	$ 300,440
Balance, September 30, 2020	**$ 76,927**	**$ 137,261**	**$ 81,463**	**$ 295,651**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

(i) Mineral properties subject to depletion

Property	December 31, 2019	Additions	Change in estimate of environmental provision	Transfers	Depletion	**September 30, 2020**
South Arturo, Nevada	$ 4,262	$ 641	$ 290	$ 46	$ (2,034)	**$ 3,205**
Mercedes, Mexico	68,908	7,120	1,176	-	(3,482)	**73,722**
Total	$ 73,170	$ 7,761	$ 1,466	$ 46	$ (5,516)	**$ 76,927**

Property	January 1, 2019	Additions	Change in estimate of environmental provision	Transfers	Depletion	December 31, 2019
South Arturo, Nevada	$ 3,810	$ 5,666	$ (915)	$ (3,408)	$ (891)	$ 4,262
Mercedes, Mexico	65,940	14,609	(2,114)	-	(9,527)	68,908
Total	$ 69,750	$ 20,275	$ (3,029)	$ (3,408)	$ (10,418)	$ 73,170

(ii) Mineral properties not subject to depletion

Property	December 31, 2019	Additions	Disposals	Change in estimate of environmental provision	Transfers	Currency adjustment	**September 30, 2020**
Rahill-Bonanza, Ontario	$ 13,835	$ -	$ -	$ -	$ -	$ (364)	**$ 13,471**
Hasaga, Ontario	10,228	-	-	57	-	(268)	**10,017**
Greenstone Gold, Ontario	38,388	-	-	-	-	(1,010)	**37,378**
McCoy-Cove, Nevada	51,647	-	(201)	743	-	-	**52,189**
Rye, Nevada	108	-	(94)	-	-	-	**14**
Rodeo Creek, Nevada	150	50	-	-	-	-	**200**
South Arturo, Nevada	23,839	153	-	-	-	-	**23,992**
Total	$ 138,195	$ 203	$ (295)	$ 800	$ -	$ (1,642)	**$ 137,261**

Property	January 1, 2019	Additions	Disposals	Change in estimate of environmental provision	Transfers	Currency adjustment	December 31, 2019
Rahill-Bonanza, Ontario	$ 13,172	$ -	$ -	$ -	$ -	$ 663	$ 13,835
Hasaga, Ontario	9,704	-	-	35	-	489	10,228
Greenstone Gold, Ontario	36,547	-	-	-	-	1,841	38,388
McCoy-Cove, Nevada	50,892	-	-	755	-	-	51,647
Rye, Nevada	82	26	-	-	-	-	108
Rodeo Creek, Nevada	50	100	-	-	-	-	150
South Arturo, Nevada	-	20,431	-	-	3,408	-	23,839
Total	$ 110,447	$ 20,557	$ -	$ 790	$ 3,408	$ 2,993	$ 138,195

(iii) Depreciation, depletion and amortization on property, plant and equipment during the period ended September 30, 2020 and 2019 include amounts allocated to:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Depreciation, depletion and amortization	**$ 4,662**	$ 4,344	**$ 12,111**	$ 14,383
Recorded in exploration, evaluation and pre-development	**39**	40	**129**	107
Recorded in general and administrative	**176**	148	**587**	422
Recorded in property maintenance	**1**	1	**3**	3
Recorded in care and maintenance	**-**	-	**1,779**	-
	4,878	4,533	**14,609**	14,915
Inventory movement	**824**	519	**(396)**	534
Total depletion, depreciation and amortization	**$ 5,702**	$ 5,052	**$ 14,213**	$ 15,449

(Stated in thousands of United States Dollars, except for share data)

(a) Right-of-use assets

The Company's leased assets include buildings, vehicles, machinery, and equipment. Right-of-use assets include:

	Buildings	Equipment	Vehicles	Total
Balance as at December 31, 2019	$ 222	$ 295	$ 27	$ 544
Additions	285	-	8	293
Terminations	(12)	(227)	-	(239)
Depreciation charge for the period	(234)	(61)	(16)	(311)
Balance as at September 30, 2020	$ 261	$ 7	$ 19	$ 287

Amounts related to leased assets recognized in profit or loss include:

	September 30, 2020
Interest on lease liabilities	$ 27
Expenses relating to short-term leases	302
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	122

(b) Impairment

The Company regularly reviews the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Mineral property interests are tested for impairment when facts and circumstances suggest that the carrying amount of the mineral property interests exceed their recoverable amount. In the absence of other factors, a mineral property that has not been actively explored within the past three years and for which no future exploration plans exist will be considered to be impaired. There were no impairments recorded for the period ended September 30, 2020 and 2019.

(c) Sale of royalties

During the third quarter of 2019 the Company sold a package of net smelter return ("NSR") royalties to Franco-Nevada Corporation for total gross proceeds of $6.0 million. The package was comprised of a 2% NSR on the PQ North Property, adjoining the Musselwhite Mine in Northwestern Ontario, and a 1.5% NSR on the Rain/Emigrant and Saddle Properties located in Nevada.

12. DEFERRED REVENUE

	Gold prepay (i)	Silver stream (ii)	Total
As at December 31, 2018	$ 16,753	$ 7,610	$ 24,363
Recognition of revenue	(8,438)	-	(8,438)
Interest accretion	-	48	48
Amortization of costs	88	-	88
Extinguishment on contract modification	-	(7,658)	(7,658)
As at September 30, 2019	8,403	-	8,403
Recognition of revenue	(2,812)	-	(2,812)
Amortization of costs	17	-	17
As at December 31, 2019	5,608	-	5,608
Additional principal amount	15,500	-	15,500
Fees and discount	(562)	-	(562)
Allocation of financial liability	(1,270)	-	(1,270)
Recognition of revenue	(6,917)	-	(6,917)
Amortization of costs	563	-	563
As at September 30, 2020	12,922	-	12,922
Less current portion	4,426	-	4,426
Long-term portion	**$ 8,496**	**$ -**	**$ 8,496**

(i) Gold prepay

In exchange for $42.19 million, the Company entered into a gold prepay agreement in 2016 requiring the Company to deliver 2,450 troy ounces of gold per quarter for a period of 15 consecutive quarters commencing December 31, 2016 for a total of 36,750 ounces. As discussed in Note 4 to these financial statements, on March 4, 2020, the existing gold prepay agreement entered into in 2016 was amended.

(Stated in thousands of United States Dollars, except for share data)

Under the terms of the amended and restated gold prepay agreement, the principal amount under the existing prepay was increased by $15.5 million, with the Company being required to deliver at least 2,450 ounces of refined gold 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. The gold prepay has an annual interest rate of 6.5% payable on the principal balance quarterly which has been recorded as a liability based on the present value of the future interest payments.

As of September 30, 2020, the Company has delivered 37,650 troy ounces of gold towards the gold prepay agreement (31,850 ounces as of December 31, 2019), leaving 11,000 ounces remaining to be delivered under the agreement. As further described in Note 4 of these financial statements, the quarterly gold quantity and the aggregate gold quantity deliverable under the agreement are subject to downward and upward adjustments if the average gold price in any fiscal quarter is greater than $1,650 per ounce or less than $1,350 per ounce. During the third quarter, the Company delivered 900 ounces of refined gold to Nomad in satisfaction of the quarterly gold delivery.

(ii) Silver stream

The silver stream agreement entered into with Orion in 2016 was significantly amended on January 31, 2019. As a result, the balance of the existing silver stream at January 31, 2019 was included in the gain on the contract modification included in other income / (expense) for the period ended March 31, 2019. See Note 13(i) of these financial statements for additional details.

13. LONG-TERM DEBT

	Silver stream (i)	Lease liability (ii)	Investec credit facility (iii)	Total
As at December 31, 2018	$ -	$ -	$ -	$ -
Impact of adopting IFRS 16 on January 1, 2019	-	645	-	645
As at January 1, 2019	-	645	-	645
Fair value of silver stream contract modification	18,776	-	-	18,776
Draw-down on credit facility	-	-	7,500	7,500
Principal repayment	(1,939)	(172)	-	(2,111)
Fair value adjustments	2,851	-	-	2,851
As at September 30, 2019	19,688	473	7,500	27,661
Draw-down on credit facility	-	-	10,000	10,000
Principal repayment	(666)	(56)	-	(722)
Fair value adjustments	936	-	-	936
As at December 31, 2019	19,958	417	17,500	37,875
Lease additions and adjustments	-	190	-	190
Principal repayment	(2,619)	(307)	-	(2,926)
Fair value adjustments	3,034	-	-	3,034
As at September 30, 2020	20,373	300	17,500	38,173
Less current portion	3,744	167	17,500	21,411
Long-term portion	**$ 16,629**	**$ 133**	**$ -**	**$ 16,762**

(i) Silver stream

On January 31, 2019, the Company entered into a contract modification on an existing silver stream agreement. As a result of the amendment, the silver stream contract was determined to be a financial liability recorded at fair value through profit or loss. The principal repayment on the liability is variable based on 80% of the silver price applied to ounces delivered under the contract. For the period ended September 30, 2020, the Company recognized a change in fair value of the silver stream liability of $3.03 million recorded in other income / (expense). See Note 28 of these financial statements for additional details.

(ii) Lease liability

Lease liabilities relate to leases on buildings, vehicles and machinery and equipment which have remaining lease terms between one and ten years and interest rates between 3.49% and 7.3% over the term of the leases. The schedule of undiscounted lease payment obligations is as follows:

	September 30, 2020
Less than one year	$ 180
One to five years	108
More than five years	41
Total undiscounted lease liabilities	**$ 329**

(Stated in thousands of United States Dollars, except for share data)

(iii) Investec credit facility

On January 31, 2019, the Company finalized a $50.0 million secured revolving term credit facility with Investec. To date the Company has drawn $17.5 million on the Investec credit facility, leaving $32.5 million undrawn as at September 30, 2020.

As consideration for a mandate fee paid on signing of the agreement and which is included in deferred financing costs (as disclosed in Note 10(ii)), the Company paid cash of $0.25 million and issued 216,446 common shares of the Company with a fair value of $0.25 million, and Issued 1.5 million common share purchase warrants with a fair value of $0.42 million with each warrant exercisable into 1 common share of the Company at an exercise price of C$2.17 for a period of three years (see details in Note 15(iii)).

The Investec credit facility bears interest on drawn funds at rates of LIBOR +3.00% to LIBOR +4.3%, depending on the Company's adjusted EBITDA ratio. A commitment fee of 1.6% is payable based on the number of days and unused balance of the facility. The Investec credit facility is secured by the assets relating to the South Arturo mine and the Mercedes mine.

As discussed in Note 4 to these financial statements, on March 4, 2020, the Company entered into a first amending agreement with Investec. 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.

The Investec credit facility matures in three years and the Company is subject to financial covenants including an adjusted earnings before interest, taxes, depreciation and amortization ratio, a current ratio, a loan life coverage ratio and a minimum cash balance as well as certain reporting requirements. As at September 30, 2020, the Company is in compliance with these covenants.

14. PROVISION FOR ENVIRONMENTAL REHABILITATION

The Company's provision for environmental rehabilitation results from an ownership interest in a mill, mining equipment and previously mined property interests. The provision consists primarily of costs associated with mine reclamation and closure activities. These activities, which tend to be site specific, generally include costs for decommissioning the mill complex and related infrastructure, physical and chemical stability of the tailings area, post-closure site security and monitoring costs. The Company considers such factors as changes in laws and regulations, and requirements under existing permits in determining the estimated costs. Such analysis is performed on an on-going basis.

The Company estimates that the undiscounted uninflated future value of the cash flows required to settle the provision is $2.20 million for the Hasaga and Northern Empire Mill properties in Canada, $4.67 million for the McCoy-Cove property, $3.19 million for the South Arturo Mine project in the United States and $14.49 million for the Mercedes mine project in Mexico. In calculating the best estimate of the Company's provision, management used risk-free interest rates ranging from 0.42% to 6.82%. A reconciliation of the discounted provision is provided below:

	Northern Empire Mill	Hasaga	McCoy-Cove	South Arturo	Mercedes Mine	Total
Balance, December 31, 2019	$ 1,532	$ 214	$ 4,068	$ 3,159	$ 11,016	$ 19,989
Change in estimate expensed	108	-	-	-	-	108
Change in estimate capitalized	-	77	743	290	1,176	2,286
Accretion expense	15	2	45	36	624	722
Currency adjustment	(41)	(25)	-	-	-	(66)
Balance, September 30, 2020	$ 1,614	$ 268	$ 4,856	$ 3,485	$ 12,816	$ 23,039
Less current portion	346	-	77	10	-	433
Long-term portion	**$ 1,268**	**$ 268**	**$ 4,779**	**$ 3,475**	**$ 12,816**	**$ 22,606**

	Northern Empire Mill	Hasaga	McCoy-Cove	South Arturo	Mercedes Mine	Total
Balance, January 1, 2019	$ 1,380	$ 167	$ 3,500	$ 3,973	$ 12,375	$ 21,395
Change in estimate expensed	93	-	-	-	-	93
Change in estimate capitalized	-	43	755	(914)	(2,114)	(2,230)
Accretion expense	21	3	70	100	755	949
Reclamation expenditures	-	-	(257)	-	-	(257)
Currency adjustment	38	1	-	-	-	39
Balance, December 31, 2019	$ 1,532	$ 214	$ 4,068	$ 3,159	$ 11,016	$ 19,989
Less current portion	23	-	77	11	-	111
Long-term portion	$ 1,509	$ 214	$ 3,991	$ 3,148	$ 11,016	$ 19,878

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

15. OTHER LIABILITIES

	September 30, 2020	December 31, 2019
Financial liability (i)	**$ 1,248**	$ 115
Share-based payment liability (ii)	**1,355**	635
Warrant liability (iii)	**2,463**	1,436
Option contracts (iv)	**1,782**	890
Deferred premium on flow-through shares	**111**	889
Total other liabilities	**6,959**	3,965
Less current portion	**5,876**	3,691
Long-term portion	**$ 1,083**	$ 274

(i) Financial liability

The financial liability represents the present value of the interest component of the gold prepay agreement discussed in Note 4 and Note 12 of these financial statements. $0.72 million of the liability represents the amount of interest to be amortized within the next year and is included within the current portion of other liabilities.

(ii) Share-based payment liability

The Company recognized a share-based payment liability of $1.36 million at September 30, 2020 ($0.64 million at December 31, 2019) under the Company's restricted and deferred share unit plans as discussed in Note 16(e) of these financial statements. The current portion of the liability is $0.80 million at September 30, 2020 ($0.36 million at December 31, 2019) representing the cash settlement expected on the next vesting date.

(iii) Warrant liability

In connection with the Investec and Orion financing package the Company completed during the first quarter of 2019, the Company issued 3.5 million Common Share Purchase Warrants (“warrants”) which are exercisable into one fully paid and non-assessable common share of the Company. 1.5 million of the warrants are exercisable into 1.5 million common shares of the Company at an exercise price of C$2.17 per share until January 24, 2022 and 2 million of the warrants are exercisable into 2 million common shares at C$2.05 per share until January 31, 2022. The warrants include a four month hold period. The initial fair value of the warrants recognized on inception was $1.03 million.

The warrants are considered derivatives because their exercise price is in CAD whereas the Company’s functional currency is in USD. Accordingly, the Company recognizes the warrants as liabilities at fair value with changes in fair value recognized in profit or loss. For the three and nine months ended September 30, 2020, the Company recognized an increment in the liability of $0.62 million and $1.03 million, respectively (reduction in the liability of $(0.46) and increment of $0.71 million respectively, for the three and nine months ended September 30, 2019).

The fair value of the warrants is calculated using the Black-Scholes option pricing model, taking into the account the four month hold restriction, and with the following weighted average assumptions:

	September 30, 2020	December 31, 2019
Risk free rate	**0.23% - 0.49%**	1.51% - 1.82%
Warrant expected life	**19 to 25 months**	25 to 36 months
Expected volatility	**59.86% to 65.36%**	48.26% to 60.94%
Expected dividend	**0%**	0%
Share price	**C$1.19 to C$2.56**	C$1.56 to C$2.04

(Stated in thousands of United States Dollars, except for share data)

(iv) Option contracts

The Company entered into gold price, Asian style, cash settled zero-cost collars using option contracts that the Company has elected not to designate as cash flow hedges for hedge accounting under IFRS 9. The gold puts and calls will be settled based on a notional quantity per month with the payment amounts calculated based on put and strike prices compared to the commodity average price for the calculation period. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in these financial statements based on contract maturity. These derivative financial instruments are recorded at fair value calculated from an industry accepted model using independently sourced inputs. For the period ended September 30, 2020, the Company recognized an increase in the liability of $0.89 million which has been included in gain / (loss) on derivatives in other income / (expense).

At September 30, 2020, the Company had the following option contracts outstanding:

Contract date	Put option strike price	Call option strike price	Notional quantity per month (troy oz)	Contract term	Total quantity outstanding (troy oz)
March 4, 2020	$1,500	$1,800	2,250	10/30/2020 - 11/30/2020	4,500
March 4, 2020	$1,500	$1,800	2,000	12/30/2020 - 04/30/2021	10,000

For the period ended September 30, 2020, the Company recognized a net realized loss of $3.07 million on collars settled included in gain / (loss) on derivatives in other income / (expense).

16. SHARE CAPITAL

(a) Authorized share capital

At September 30, 2020, the authorized share capital consisted of an unlimited number of common shares and an unlimited number of preferred shares without par value.

(b) Details of share issuances

Public offering

On March 4, 2020, the Company completed a public offering of 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. An aggregate of 25,335,000 Common Shares were issued by the Company at a price of C$1.50 per common share for aggregate gross proceeds of C$38.0 million less 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, pursuant to which the cash commission was reduced to 2.5%.

Private placements

On December 30, 2019, the Company issued 1.5 million flow-through common shares, at a price of C$2.75 per common share for gross proceeds of C$4.13 million. In consideration of the agents' services in connection with the offering, the agents were paid an aggregate cash fee totaling C$0.21 million, equal to approximately 5 percent of the gross proceeds raised in the offering.

(c) Share incentive plan

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

(Stated in thousands of United States Dollars, except for share data)

(d) Stock options

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

	Options outstanding #	Weighted average exercise price CAD
Outstanding at January 1, 2019	9,488,000	$2.93
Granted	3,638,000	1.57
Exercised	(30,000)	1.56
Expired	(250,000)	2.83
Forfeited	(932,000)	3.43
Outstanding at December 31, 2019	11,914,000	2.48
Granted	3,666,000	1.37
Exercised	(100,000)	1.95
Expired	(915,000)	2.78
Forfeited	(11,000)	1.66
Outstanding at September 30, 2020	**14,554,000**	**$2.18**

The weighted average share price at the date of exercise in 2020 was C$2.43 (C$2.22 in 2019).

At September 30, 2020, the following options were outstanding and outstanding and exercisable:

	Outstanding			Outstanding and Exercisable		
Exercise price CAD	Options #	Weighted average exercise price CAD	Weighted average remaining life in years	Options #	Weighted average exercise price CAD	Weighted average remaining life in years
$1.37 - $1.94	7,221,000	$1.47	3.98	7,221,000	$1.47	3.98
2.17 - 2.19	2,147,000	2.19	0.02	2,147,000	2.19	0.02
3.06 - 3.65	5,156,000	3.17	1.44	5,156,000	3.17	1.44
4.28	30,000	4.28	0.81	30,000	4.28	0.81
	14,554,000	$2.18	2.49	14,554,000	$2.18	2.49

Total vested stock options at September 30, 2020 were 14,554,000 with a weighted average exercise price of C$2.18 (11,914,000 at December 31, 2019 with a weighted average exercise price of C$2.48).

The Company applies the fair value method of accounting for all stock based compensation awards and accordingly, nil and $1.60 million was recorded for options issued as compensation during the three and nine months ended September 30, 2020, respectively. ($0.08 million and $1.94 million for the three and nine months ended September 30, 2019, respectively). The options had a weighted average grant date fair value of C$0.60 at September 30, 2020 (C$0.70 at September 30, 2019). As of September 30, 2020, there were no unvested stock options (nil at December 31, 2019).

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

	September 30, **2020**	December 31, 2019
Risk-free interest rate	**0.60%**	1.23% - 1.86%
Annualized volatility based on historic volatility	**57%**	57%
Expected dividend	**Nil**	Nil
Forfeiture rate	**Nil**	Nil
Expected option life	**4 years**	4 years

(e) Restricted Share Unit Plan and Deferred Share Unit Plan

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

(Stated in thousands of United States Dollars, except for share data)

The Company adopted the Deferred Share Unit ("DSU") plan to grant members of its Board of Directors non-transferable share units based on the value of the Company's share price at the date of grant. The awards have a graded vesting schedule over a three-year period. DSUs must be retained until the Director leaves the Board, at which time the awards will be equity or cash settled.

The following table summarizes the changes in the RSUs and DSUs for the year ended September 30, 2020:

	RSUs outstanding #	Weighted average RSU exercise price CAD	DSUs outstanding #	Weighted average DSU exercise price CAD
Outstanding at January 1, 2019	264,167	$1.75	-	$-
Granted	1,247,000	1.55	155,000	1.55
Settled	(579,666)	2.32	-	-
Forfeited	(21,167)	1.70	-	-
Outstanding at December 31, 2019	910,334	1.97	155,000	1.97
Granted	1,807,000	1.19	148,000	1.19
Settled	(1,099,667)	2.66	-	-
Forfeited	(4,667)	1.19	-	-
Outstanding at September 30, 2020	1,613,000	$2.56	303,000	$2.56

As the options are expected to be settled in cash, at September 30, 2020 a current liability of $0.80 million and a long-term liability of $0.55 million was outstanding and included in other liabilities as disclosed in Note 15 ($0.36 million and $0.27 million respectively at December 31, 2019). For the three and nine months ended September 30, 2020, $1.61 million and $2.93 million respectively has been recorded as an expense and included in share-based payments ($0.68 million and $1.29 million for the three and nine months ended September 30, 2019 respectively). The fair value of the total outstanding RSUs and DSUs at September 30, 2020 was C$4.90 million (C$2.10 million at December 31, 2019).

For purposes of the vesting of the RSUs and DSUs, the fair value of the liability was estimated using the share price of the valuation date and an expected weighted average forfeiture rate of 15% for RSUs and a forfeiture rate of 0% for DSUs.

(f) Share-based payments

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Stock option valuation	**$ -**	$ 77	**$ 1,602**	$ 1,943
RSU and DSU valuation	**1,611**	683	**2,930**	1,291
Total share-based payments	**$ 1,611**	$ 760	**$ 4,532**	$ 3,234

17. BASIC AND DILUTED INCOME / (LOSS) PER SHARE

Basic income / (loss) per share is calculated based on the weighted average number of common shares and common share equivalents outstanding during the three and nine months ended September 30, 2020 and 2019. Diluted income / (loss) per share is based on the assumption that stock options that have an exercise price less than the average market price of the Company's common shares during the year have been exercised on the later of the beginning of the year and the date granted. Net income / (loss) and basic weighted average shares outstanding are reconciled to diluted net income / (loss) and diluted weighted average shares outstanding, respectively, as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Net income / (loss) for the period	**$ 1,606**	$ (4,065)	**$ (24,377)**	$ (15,070)
Basic weighted average shares outstanding	**237,091,684**	210,451,678	**231,404,995**	209,623,725
Dilution adjustment for stock options and warrants	**8,588,705**	-	**-**	-
Diluted weighted average shares outstanding	**245,680,389**	210,451,678	**231,404,995**	209,623,725
Basic and diluted income / (loss) per share	**$ 0.01**	$ (0.02)	**$ (0.11)**	$ (0.07)

9,368,000 stock options and 3,500,000 warrants were included in the computation of diluted weighted average shares outstanding for the three months ended September 30, 2020. 14,554,000 stock options (Note 16(d)) and 3,500,000 warrants (Note 15(iii)) were excluded from the computation of diluted weighted average shares outstanding for the nine months ended September 30, 2020 (11,939,000 and 3,500,000 respectively, for the three and nine months ended September 30, 2019), as their effect would be anti-dilutive.

PREMIER GOLD MINES LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

18. SUPPLEMENTAL CASH FLOW INFORMATION

(i) The following table summarizes the increase and decrease in working capital:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Receivables	**$ (3,202)**	$ 8,318	**$ 1,309**	$ 6,519
Prepaids and deposits	**(917)**	1,402	**(1,253)**	541
Inventory	**(657)**	(6,982)	**1,317**	(7,291)
Accounts payable and accrued liabilities	**47**	10,628	**(33,282)**	9,215
Taxes payable	**628**	82	**730**	(807)
Increase / (decrease) in working capital	**$ (4,101)**	$ 13,448	**$ (31,179)**	$ 8,177

(ii) The following table summarizes non-cash items included in other income:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
(Gain) / loss on disposal of property, plant and equipment	**$ 329**	$ -	**$ 412**	$ (229)
Unrealized loss on derivatives	**1,150**	154	**1,982**	1,992
Unrealized gain on investments	**(22)**	(14)	**(54)**	(2)
Unrealized loss on foreign exchange	**(74)**	2,021	**4,519**	1,047
Gain on contract modifications	**-**	-	**-**	(412)
Change in fair value of silver stream contract	**1,737**	1,690	**3,034**	2,851
Gain on disposal of royalties	**-**	(5,976)	**-**	(5,976)
Total non-cash items in other income	**$ 3,120**	$ (2,125)	**$ 9,893**	$ (729)

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Capitalized depreciation	**$ (130)**	$ -	**$ (517)**	$ -
Fair value of stock options allocated to share capital upon exercise	**77**	16	**77**	16
Fair value of warrants issued in financing arrangements	**-**	-	**-**	1,034
Fair value of shares issued in financing arrangements	**-**	-	**-**	250
Fair value loss on silver stream liability	**(1,737)**	(1,690)	**(3,034)**	(2,851)
Fair value gain / (loss) on warrant liability	**(577)**	442	**(1,090)**	(243)
Fair value loss on option contracts	**$ (573)**	$ (596)	**$ (892)**	$ (1,750)

19. EXPLORATION, EVALUATION AND PRE-DEVELOPMENT

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Hasaga, Ontario	**$ 1,690**	$ 24	**$ 2,716**	$ 68
Greenstone Gold, Ontario	**2,579**	4,215	**6,427**	10,881
McCoy-Cove, Nevada	**850**	659	**2,723**	3,816
South Arturo, Nevada	**252**	(3)	**265**	102
Mercedes, Mexico	**545**	615	**1,212**	1,319
Technical services	**255**	976	**573**	1,836
Total exploration, evaluation and pre-development	**$ 6,171**	$ 6,486	**$ 13,916**	$ 18,022

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

20. GENERAL AND ADMINISTRATION

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Corporate administration	**$ 64**	$ 977	**$ 710**	$ 1,778
Corporate salaries and benefits	**1,364**	325	**4,908**	2,569
Professional fees	**518**	921	**1,723**	2,364
Project administration (i)	**349**	(35)	**1,063**	406
Total general and administration	**$ 2,295**	$ 2,188	**$ 8,404**	$ 7,117

(i) Management fees and other administrative costs related to the projects.

21. CARE AND MAINTENANCE

As discussed further in Note 4(a), the Mercedes mine was placed into care and maintenance during the second quarter, incurring expenditures of $5.1 million at the mine site and for personnel sent home.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Operational costs	**$ -**	$ -	**$ 3,336**	$ -
Depreciation and amortization	**-**	-	**1,779**	-
Total care and maintenance	**$ -**	$ -	**$ 5,115**	$ -

22. RESTRUCTURING COST

During the two-month shutdown in the second quarter, 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. The restructuring resulted in a reduction of 40% of the employees required to operate the mine and 75% of mining-related contractors. All affected employees received a severance package in accordance to Mexican Federal Labor regulations in the amount of $1.9 million.

23. OTHER INCOME / (EXPENSE)

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Investment and other income	**$ 81**	$ 98	**$ 427**	$ 444
Gain / (loss) on disposal of property, plant and equipment	**(216)**	-	**(299)**	229
Gain on disposal of royalties (Note 11)	**-**	5,976	**-**	5,976
Gain attributable to Greenstone Gold development commitment	**2,784**	4,668	**7,162**	11,832
Gain / (loss) on foreign exchange	**547**	(976)	**(913)**	775
Loss on derivatives	**(1,985)**	(1,540)	**(5,052)**	(3,357)
Change in fair value of silver stream contract (Note 13)	**(1,737)**	(1,690)	**(3,034)**	(2,851)
Gain on contract modifications	**-**	-	**-**	412
Total other income / (expense)	**$ (526)**	$ 6,536	**$ (1,709)**	$ 13,460

PREMIER GOLD MINES LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

24. FINANCE EXPENSE

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Environmental rehabilitation accretion	**$ 271**	$ 110	**$ 721**	$ 735
Interest paid	**533**	256	**1,557**	801
Finance costs	**149**	203	**361**	607
Amortization of finance costs	**378**	150	**969**	422
Amortization of gold prepay interest	**(227)**	(154)	**(645)**	(576)
Silver stream accretion	**-**	-	**-**	48
Total finance expense	**$ 1,104**	$ 565	**$ 2,963**	$ 2,037

25. SEGMENTED INFORMATION

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

(a) Operating mine properties and exploration projects

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

Three months ended September 30, 2020	**Mercedes**	**South Arturo**	**Exploration**	**Corporate and other**	**Total**
Revenue	$ 21,477	$ 8,988	$ -	$ -	$ 30,465
Cost of sales	(7,102)	(4,797)	-	-	(11,899)
Depletion, depreciation and amortization	(3,963)	(699)	-	-	(4,662)
Exploration, maintenance and rehabilitation	(545)	(252)	(5,402)	(254)	(6,453)
Overhead costs	(7)	(1)	(365)	(3,533)	(3,906)
Other income / (expense)	(28)	4	2,561	(3,063)	(526)
Finance expense	(245)	(10)	(19)	(830)	(1,104)
Income / (loss) before income taxes	9,587	3,233	(3,225)	(7,680)	1,915
Current tax expense	(96)	(533)	-	(257)	(886)
Deferred tax recovery	172	-	-	405	577
Income / (loss) for the period	**$ 9,663**	**$ 2,700**	**$ (3,225)**	**$ (7,532)**	**$ 1,606**

Three months ended September 30, 2019	Mercedes	South Arturo	Exploration	Corporate and other	Total
Revenue	$ 18,750	$ -	$ -	$ -	$ 18,750
Cost of sales	(14,847)	-	-	-	(14,847)
Depletion, depreciation and amortization	(4,344)	-	-	-	(4,344)
Exploration, maintenance and rehabilitation	(614)	3	(5,700)	(163)	(6,474)
Overhead costs	372	(12)	(452)	(2,857)	(2,948)
Other income / (expense)	(565)	76	10,675	(3,649)	6,536
Finance expense	(83)	(24)	(12)	(447)	(565)
Income / (loss) before income taxes	(1,331)	43	4,511	(7,116)	(3,892)
Current tax expense	(93)	-	-	(348)	(441)
Deferred tax recovery	268	-	-	-	268
Income / (loss) for the period	$ (1,156)	$ 43	$ 4,511	$ (7,464)	$ (4,065)

PREMIER GOLD MINES LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

Nine months ended September 30, 2020	**Mercedes**	**South Arturo**	**Exploration**	**Corporate and other**	**Total**
Revenue	$ 40,621	$ 27,348	$ -	$ -	$ 67,969
Cost of sales	(23,915)	(16,355)	-	-	(40,270)
Depletion, depreciation and amortization	(8,681)	(3,430)	-	-	(12,111)
Exploration, maintenance and rehabilitation	(1,212)	(265)	(12,466)	(682)	(14,625)
Overhead costs	(284)	(6)	(899)	(11,747)	(12,936)
Care and maintenance	(5,115)	-	-	-	(5,115)
Restructuring cost	(1,905)	-	-	-	(1,905)
Other income / (expense)	(1,121)	86	6,897	(7,571)	(1,709)
Finance expense	(628)	(36)	(72)	(2,227)	(2,963)
Income / (loss) before income taxes	(2,240)	7,342	(6,540)	(22,227)	(23,665)
Current tax expense	(201)	(958)	-	(792)	(1,951)
Deferred tax recovery	498	-	-	741	1,239
Income / (loss) for the period	**$ (1,943)**	**$ 6,384**	**$ (6,540)**	**$ (22,278)**	**$ (24,377)**

Nine months ended September 30, 2019	Mercedes	South Arturo	Exploration	Corporate and other	Total
Revenue	$ 63,693	$ 1,167	$ -	$ -	$ 64,860
Cost of sales	(47,577)	(316)	-	-	(47,893)
Depletion, depreciation and amortization	(14,204)	(179)	-	-	(14,383)
Exploration, maintenance and rehabilitation	(1,319)	(102)	(15,963)	(929)	(18,313)
Overhead costs	233	(36)	(861)	(9,687)	(10,351)
Other income / (expense)	(255)	196	18,072	(4,553)	13,460
Finance expense	(609)	(80)	(82)	(1,266)	(2,037)
Income / (loss) before income taxes	(38)	650	1,166	(16,435)	(14,657)
Current tax expense	(193)	-	-	(1,042)	(1,235)
Deferred tax recovery	822	-	-	-	822
Income / (loss) for the period	$ 591	$ 650	$ 1,166	$ (17,477)	$ (15,070)

As at September 30, 2020	**Mercedes**	**South Arturo**	**Exploration**	**Corporate and other**	**Total**
Capital expenditures	$ 7,921	$ 277	$ 75	$ 282	**$ 8,555**
Property, plant & equipment	139,276	35,162	119,003	2,210	**295,651**
Total assets	164,601	41,717	136,615	50,836	**393,769**
Total liabilities	22,625	3,485	22,353	62,421	**110,884**

As at December 31, 2019	Mercedes	South Arturo	Exploration	Corporate and other	Total
Capital expenditures	$ 18,798	$ 27,905	$ 5,383	$ 91	$ 52,177
Property, plant & equipment	140,883	37,126	120,064	2,367	300,440
Total assets	176,920	44,647	152,727	34,347	408,641
Total liabilities	28,873	15,738	34,737	50,992	130,340

(Stated in thousands of United States Dollars, except for share data)

(b) Geographic segments

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

Three months ended September 30, 2020	**Canada**	**United States**	**Mexico**	**Corporate and other**	**Total**
Revenue	$ -	$ 8,988	$ 21,477	$ -	$ 30,465
Cost of sales	-	(4,797)	(7,102)	-	(11,899)
Depletion, depreciation and amortization	-	(699)	(3,963)	-	(4,662)
Exploration, maintenance and rehabilitation	(4,532)	(1,122)	(545)	(254)	(6,453)
Overhead costs	(342)	(24)	(7)	(3,533)	(3,906)
Other income / (expense)	2,785	(211)	(37)	(3,063)	(526)
Finance expense	(7)	(22)	(245)	(830)	(1,104)
Income / (loss) before income taxes	(2,096)	2,113	9,578	(7,680)	1,915
Current tax expense	-	(533)	(96)	(257)	(886)
Deferred tax recovery	-	-	172	405	577
Income / (loss) for the period	**$ (2,096)**	**$ 1,580**	**$ 9,654**	**$ (7,532)**	**$ 1,606**

Three months ended September 30, 2019	Canada	United States	Mexico	Corporate and other	Total
Revenue	$ -	$ -	$ 18,750	$ -	$ 18,750
Cost of sales	-	-	(14,847)	-	(14,847)
Depletion, depreciation and amortization	-	-	(4,344)	-	(4,344)
Exploration, maintenance and rehabilitation	(4,361)	(1,335)	(615)	(163)	(6,474)
Overhead costs	(453)	(7)	369	(2,857)	(2,948)
Other income / (expense)	8,167	2,576	(558)	(3,649)	6,536
Finance expense	(2)	(34)	(82)	(447)	(565)
Income / (loss) before income taxes	3,351	1,200	(1,327)	(7,116)	(3,892)
Current tax expense	-	-	(93)	(348)	(441)
Deferred tax recovery	-	-	268	-	268
Income / (loss) for the period	$ 3,351	$ 1,200	$ (1,152)	$ (7,464)	$ (4,065)

Nine months ended September 30, 2020	**Canada**	**United States**	**Mexico**	**Corporate and other**	**Total**
Revenue	$ -	$ 27,348	$ 40,621	$ -	$ 67,969
Cost of sales	-	(16,355)	(23,915)	-	(40,270)
Depletion, depreciation and amortization	-	(3,430)	(8,681)	-	(12,111)
Exploration, maintenance and rehabilitation	(9,603)	(3,128)	(1,212)	(682)	(14,625)
Overhead costs	(865)	(32)	(292)	(11,747)	(12,936)
Care and maintenance	-	-	(5,115)	-	(5,115)
Restructuring cost	-	-	(1,905)	-	(1,905)
Other income / (expense)	7,165	(225)	(1,078)	(7,571)	(1,709)
Finance expense	(27)	(81)	(628)	(2,227)	(2,963)
Income / (loss) before income taxes	(3,330)	4,097	(2,205)	(22,227)	(23,665)
Current tax expense	-	(958)	(201)	(792)	(1,951)
Deferred tax recovery	-	-	498	741	1,239
Income / (loss) for the period	**$ (3,330)**	**$ 3,139**	**$ (1,908)**	**$ (22,278)**	**$ (24,377)**

(Stated in thousands of United States Dollars, except for share data)

Nine months ended September 30, 2019	Canada	United States	Mexico	Corporate and other	Total
Revenue	$ -	$ 1,167	$ 63,693	$ -	$ 64,860
Cost of sales	-	(316)	(47,577)	-	(47,893)
Depletion, depreciation and amortization	-	(179)	(14,204)	-	(14,383)
Exploration, maintenance and rehabilitation	(11,248)	(4,817)	(1,319)	(929)	(18,313)
Overhead costs	(953)	66	223	(9,687)	(10,351)
Other income / (expense)	15,334	2,696	(17)	(4,553)	13,460
Finance expense	(21)	(141)	(609)	(1,266)	(2,037)
Income / (loss) before income taxes	3,112	(1,524)	190	(16,435)	(14,657)
Current tax expense	-	-	(193)	(1,042)	(1,235)
Deferred tax recovery	-	-	822	-	822
Income / (loss) for the period	$ 3,112	$ (1,524)	$ 819	$ (17,477)	$ (15,070)

As at September 30, 2020	**Canada**	**United States**	**Mexico**	**Corporate and other**	**Total**
Capital expenditures	$ 1	$ 351	$ 7,921	$ 282	**$ 8,555**
Property, plant & equipment	61,160	93,005	139,276	2,210	**295,651**
Total assets	62,534	115,211	165,187	50,836	**393,769**
Total liabilities	9,393	16,444	22,626	62,421	**110,884**

As at December 31, 2019	Canada	United States	Mexico	Corporate and other	Total
Capital expenditures	$ 9	$ 33,279	$ 18,798	$ 91	$ 52,177
Property, plant & equipment	62,645	94,545	140,883	2,367	300,440
Total assets	63,931	132,816	177,547	34,347	408,641
Total liabilities	10,629	39,844	28,875	50,992	130,340

(c) Sales by customer

The following table presents sales to individual customers representing 100% of the Company's concentrate and doré sales revenue:

	Three months ended September 30,		**Nine months ended September 30,**	
	2020	2019	**2020**	2019
Orion	**$ 27,990**	$ 18,750	**$ 62,681**	$ 62,440
Nomad	**2,475**	-	**5,288**	2,420
Total sales	**$ 30,465**	$ 18,750	**$ 67,969**	$ 64,860

The Company is not economically dependent on a limited number of customers for the sale of its product because gold and other metals can be sold through numerous commodity market traders worldwide.

26. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel include the executive leadership team and members of the Board of Directors. Compensation for key management personnel was as follows:

Compensation of executive leadership team

	Three months ended September 30,		**Nine months ended September 30,**	
	2020	2019	**2020**	2019
Salary, wages and benefits	**$ 1,019**	$ 136	**$ 3,771**	$ 1,756
Share-based payments	**2,054**	988	**3,322**	2,460
Total compensation of executive leadership team	**$ 3,073**	$ 1,124	**$ 7,093**	$ 4,216

(Stated in thousands of United States Dollars, except for share data)

Compensation of directors

	Three months ended September 30,				Nine months ended September 30,			
	2020		2019		**2020**		2019	
Fees earned and other remuneration	**$**	**94**	$	84	**$**	**277**	$	341
Share-based payments		**-**		-		**236**		181
Total compensation of directors	**$**	**94**	$	84	**$**	**513**	$	522

27. COMMITMENTS

(a) Contractual obligations

The Company has commitments relating to facilities and other lease liabilities extending to 2024. The minimum annual contractual and lease payments for the five years are as follows:

2020	$	172
2021		209
2022		22
2023		2
2024		1
Total contractual obligations	$	406

(b) Surety bonds

At September 30, 2020, the Company has outstanding surety bonds in the amount of $10.70 million in favour of the United States Department of the Interior, Bureau of Land Management ("BLM") and C$0.25 million ($0.18 million) in favour of the Ontario Ministry of Northern Development and Mines ("MNDM") as financial support for environmental reclamation and exploration permitting. The surety bonds are secured by a $0.60 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 and MNDM as beneficiaries of the instruments will return the instruments to the issuing entity. As these instruments are associated with operating sites with long-lived assets, they will remain outstanding until closure.

(c) Flow-through commitments

The Company has C$0.53 million in remaining flow-through obligations to be spent by December 31, 2020.

(d) Getchell Project in Nevada

On August 10, 2020 the Company together with its wholly-owned subsidiary, Premier Gold Mines USA, Inc. (“PG USA”), entered into a definitive purchase agreement with affiliates of Waterton Global Resource Management, Inc. (“Waterton”) to acquire all of the outstanding membership interests of Osgood Mining Company LLC (“Osgood”). Osgood is the owner of the Getchell Project in the Getchell gold belt near Winnemucca, Nevada (“Getchell” or the “Getchell Project”) for consideration consisting of $50 million in cash and common shares, plus contingent value rights and warrants. The consideration to Waterton will consist of (i) $23 million in cash on closing, (ii) 13,777,098 common shares of the Company, (iii) warrants to purchase 12,756,572 common shares of the Company, with an exercise price C$3.67 per warrant, for a period of 36 months following the closing date, and (iv) contingent value rights pursuant to which Waterton will be entitled to receive an additional $5 million upon the public announcement of a positive production decision related to the Getchell Project (underground or open pit), and another $5 million upon production of the first ounce of gold (excluding ordinary testing and bulk sampling programs) following a 60 consecutive day period where gold prices have exceeded $2,000 per ounce.

28. FINANCIAL INSTRUMENTS

Fair value

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

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

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

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

(Stated in thousands of United States Dollars, except for share data)

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy:

	Level	Carrying value September 30, 2020		Fair value September 30, 2020		Carrying value December 31, 2019		Fair value December 31, 2019
Financial assets								
Amortized cost								
Cash and cash equivalents		**$**	**51,936**	**$**	**51,936**	$	58,408	$ 58,408
Receivables			**11,192**		**11,192**		13,320	13,320
Restricted cash			**7,049**		**7,049**		6,600	6,600
			70,177		**70,177**		78,328	78,328
Fair value through profit or loss								
Canadian equity investments	1		**79**		**79**		31	31
Total financial assets		**$**	**70,256**	**$**	**70,256**	$	78,359	$ 78,359
Financial liabilities								
Amortized cost								
Accounts payable and accrued liabilities		**$**	**19,496**	**$**	**19,496**	$	51,971	$ 51,971
Other liability			**1,248**		**1,248**		115	115
			20,744		**20,744**		52,086	52,086
Fair value through profit or loss								
Share-based payment liability	2		**1,355**		**1,355**		635	635
Warrant liability	2		**2,463**		**2,463**		1,436	1,436
Option contracts	2		**1,782**		**1,782**		890	890
Investec credit facility	2		**17,500**		**17,500**		17,500	17,500
Silver stream	3		**20,373**		**20,373**		19,958	19,958
			43,473		**43,473**		40,419	40,419
Total financial liabilities		**$**	**64,217**	**$**	**64,217**	$	92,505	$ 92,505

The Company calculates fair values based on the following methods of valuation and assumptions:

Financial assets

The fair value of cash and cash equivalents and receivables approximate their carrying value due to their short-term nature.

The fair value of Canadian equity investments in shares is determined based on the quoted market price.

Financial liabilities

Accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Share-based payment and warrant liabilities are fair valued using a valuation model that incorporates such factors as share price, share price volatility, risk free rates and expiry dates including managements assumptions on forfeiture rates.

Option contracts are fair valued using a valuation model that incorporates such factors as metal prices, metal price volatility and expiry date.

The fair value of the Investec credit facility approximates the carrying value as the interest rates are comparable to current market rates.

The fair value of the amended silver stream is determined based on the net present value of expected future cash flows based on management assumptions on silver deliveries under the stream and a discount rate that includes the risk premium that market participants require. Based on the agreement, 0.30 million ounces of silver or gold equivalent must be delivered annually until a minimum 2.1 million ounces is met. As the agreement began on January 31, 2019, this annual amount was prorated for 2019 and assigned annually until 2.1 million cumulative ounces have been delivered, variability within the year based on the Mercedes and South Arturo life of mine plans. Subsequent to the 2.1 million ounce requirement, the Company is committed to deliver 100% of silver production under the silver stream agreement until a threshold of 3.75 million ounces has been reached after which the commitment drops to 30%. The assumption used for the balance of the commitment was an annual delivery of projected ounces spread evenly over the years until 2033 at which time the fair value of the silver stream will be nil. A discount rate of 16% was applied to the stream reflecting the risk premium rate that a market participant would require. An average silver price of $16 was used to determine the forgone revenue applied to the balance. To determine the foregone revenue on gold equivalent ounces the Company used an average gold price based on historical gold deliveries made under the agreement.

Given the annual commitment until the 2.1 million ounce requirement has been satisfied, the variation in ounces produced would not significantly impact the calculation. A change of 10% to the estimated ounces delivered subsequent to the 2.1 million ounce requirement would increase or decrease the fair value by $0.52 million. An increase or decrease by 1% to the discount rate would impact the fair value by a decrease of $0.54 million and an increase of $0.58 million, respectively. For the silver price assumption, a change of $1 would increase or decrease the fair value by $1.14 million.

29. MANAGEMENT OF CAPITAL

The Company manages its share capital, equity settled employee benefits reserve, warrant reserve and contributed surplus as capital, the balance of which is $620.65 million at September 30, 2020 ($592.61 million at December 31, 2019). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going-concern in order to pursue the exploration and development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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

The Company finalized a $50.0 million secured revolving term credit facility with Investec during the first quarter of 2019. To date the Company has drawn $17.5 million on the Investec credit facility, leaving $32.5 million undrawn as at September 30, 2020. The Investec credit facility is subject to customary covenants as further discussed in Note 13 of these financial statements. As at September 30, 2020, the Company is in compliance with these covenants.

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

To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company expects its current capital resources will be sufficient to carry out its exploration and evaluation plans through 2020.

30. CONTINGENCIES

Litigation and Claims

Share purchase transaction

Yamana Gold Inc. and certain of its affiliates (collectively, "Yamana") have commenced a claim against the Company and certain of its affiliates (collectively, "Premier") in connection with a share purchase transaction that closed on September 30, 2016, whereby the Company 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 the Company $1.26 million. Yamana alleges that the Company was unjustly enriched, but for which the Company would have been required to pay Yamana a post-closing adjustment of $4.6 million. The Company has filed a Statement of Defence denying any liability, and counterclaiming against Yamana for the $1.26 million post-closing adjustment that Yamana has refused to pay. The parties have exchanged documentary productions and are proceeding to examinations for discovery.

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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in thousands of United States Dollars, except for share data)
(Unaudited)

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.

Inventory dispute

In November 2018, one of the refiners of the Company's gold, Republic Metals Corporation ("RMC"), filed for protection under Chapter 11 of the United States Bankruptcy Code. Approximately 34,087 troy ounces of the Company's silver and 7,734 troy ounces of the Company's gold were impacted by RMC's bankruptcy filing, having a value of approximately $10.5 million. The Company has commenced a claim asserting ownership of the refined metal derived from doré delivered to RMC but cannot guarantee it will be able to recover all or a portion of the value of this material. On October 26, 2020, the Miami Metals Litigation Trust (a successor to certain litigation claims of RMC formed pursuant to a liquidating plan confirmed by the Bankruptcy Court) filed suit against the Company claiming repayment of $19.2 million on the allegation that certain refined gold received by the Company from RMC during the 90 days prior to the bankruptcy filing amount to “preferential payments”. The Company disputes the allegations and will be defending such allegations to the full extent. Pursuant to agreements among the parties, RMC receives doré from the Company and then subsequently returns refined gold to the Company. RMC's bankruptcy case is progressing before the Bankruptcy Court for the Southern District of New York. Litigation regarding the ownership of the refined metals, the priority of claims, and the newly filed suit are expected to be completed by sometime in 2021, subject to any further delays due to court closures on account of the COVID-19 pandemic and subject to adjustment at the discretion of the Bankruptcy Court.